Problems
of the
Developing
Countries

progress

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International Monopolies and Developing Countries

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МЕЖДУНАРОДНЫЕ МОНОПОЛИИ И РАЗВИВАЮЩИЕСЯ СТРАНЫ

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INTRODUCTION

History will remember the 1970s as a period of far-reaching upheavals in world capitalism. These are the years when it began to experience its most destructive economic crisis since the Second World War, accompanied by intense socio-political conflicts and by a sharp intensification of the antagonistic contradictions that are inherent in the capitalist mode of production itself and that form the root cause of crisis phenomena.

The internal contradictions that operate in each country entering into the world capitalist economy are greatly amplified as they extend beyond national boundaries, and exert an active feedback effect on the entire capitalist system as well as on its individual spheres and elements.

The resulting intensification of world capitalism's contradictions is reflected in a variety of qualitative as well as quantitative changes pointing to the presence of a deep crisis in the overall structure of world capitalist economic relations as well as in economic relations between individual centres of imperialism and developing countries.

A comprehensive view of that process encompassing both external and internal factors and relying on both quantitative and qualitative analyses requires that a number of phenomena and processes taking place within the sphere of capitalism's global economic relations be considered. In particular, studies of current forms of operation and penetration of foreign monopoly capital in developing countries will not be genuinely scientific if they neglect the revolutionary shifts that are occurring in the world and that exert

a favourable influence on the entire course of man's historical development.

The many factors that contribute to a growing shift in the balance of forces in the world in favour of socialism, peace, and social progress, include the further consolidation of the positions of world socialism, its growing power and prestige, the strengthening of the positions of the international working-class movement and of the forces of national and social liberation, a shift in world politics in the direction of reducing international tensions, and increasingly wide acceptance of the principle of a peaceful coexistence of states possessing different social structures.

The far-reaching revolutionary changes that are taking place on our planet are accompanied by a dynamic course in the revolution in science and technology, which extends to all countries and to growing number of areas in science, technology and production.

As recently as the 1950s and the 1960s the political leaders of imperialist countries and their theoreticians expected that the system of economic dependence of the former colonial periphery on Western countries would remain secure and that it would continue to feed the vital processes of the world capitalist system.

These expectations were partly reflected in theories concerning a "crisis-free" development of capitalism, a "welfare society" and a "permanent gap between an agrarian South and an industrial North". Illusions concerning the advent of a "new era" in the West's political relations to developing countries were encouraged by a growing industrial output and expanding commerce during those years and by a further development of the system of state-monopoly regulation of world economic relations and national economies. But in reality the state-monopoly regulation of external economic relations between developing countries and the developed countries of capitalism constitutes a system of political, economic, and ideological measures that aim to preserve colonial principles of organization within the world capitalist economy.

The majority of developing countries are increasing their efforts in struggling against imperialism to preserve their economic and political rights. Many progressive processes

are taking place in these countries that are associated with the development of a state sector in industry, agrarian reform and the overcoming of feudal forms of land use, the nationalization of foreign property, the establishment of effective control over natural resources, the training of local specialists and measures to raise the social, economic and cultural level of their people.

Today it is no longer possible to ignore the fact that a major strengthening has occurred in the role of states that in the past were colonies or semi-colonies. But imperialism is seeking to adapt itself to that process of vast historical significance at a time when the crisis of world capitalism is becoming more intense and when qualitative shifts have become apparent in the mechanism of state-monopoly regulation that governs the external economic relations of industrially developed capitalist states with developing countries.

During the past three decades the major instrument within that mechanism has been a policy of so-called economic assistance.

Within the framework of such "assistance" programmes contributions were made to the budgets of individual countries in the form of gifts, subsidies, and credits, that were then employed to finance deliveries of various types of commodities, food products, technological, technical and transportation services, and services of foreign experts and specialists. The budgetary transfers were effected both bilaterally and through a variety of multilateral institutions (various international organizations, the International Bank for Reconstruction and Development, regional banks in Asia, Africa, and Latin America).

For a long time imperialism has sought to employ the state funds exported from industrially developed capitalist states to developing countries as an effective means in preserving the dependent status and unequal position of former colonial and dependent countries within the world capitalist economy, to preserve its structure, to oppose the comprehensive socio-economic transformations in developing countries, isolate them from world socialism, and to establish an economic basis for stimulating the local development of dependent forms of capitalism.

Until recently imperialism has viewed the need of develop-

ing countries for external assistance (to pay for a share of their imports and to finance a large part of their domestic capital investments) as a decisive factor in its regulation of international economic relations in accordance with state-monopolistic norms.

The West's policy of providing "aid" constitutes an important element in imperialism's neocolonial strategy in relation to developing countries which is carried out through a close cooperation of imperialist states with private monopoly capital.

This is reflected both in the theoretical conceptions and in the actual politics of assistance programmes, whose design takes the interests of major financial groups into consideration. Imperialist states also rely widely on such groups in consolidating and extending their positions within independent national states. The partial redistribution of state budgets of individual developed countries in the form of economic "aid" conveyed through the channels of the world capitalist economy facilitates the exportation of private capital, commodities, and services from the donor countries.

Specific changes may be seen within the mechanism of state-monopoly regulation of economic relations between industrially developed capitalist states and developing countries. Above all they are associated with attempts to adapt to the conditions of a deepening crisis of capitalism. They encompass both state policies of economic "aid" and the role of private monopoly capital in implementing them.

As imperialist states implement the specific function of preserving and strengthening world capitalism as a system jointly with their policy of "aid" to developing countries a specific "division of labour" with private monopoly capital has come into being. Governments assume "fixed costs" in creating favourable conditions for the expansion of private monopolies in developing countries. As a result "assistance" has become a form of exporting capital that serves above all the strategic objectives of promoting and strengthening capitalist relations in developing countries. Under such an arrangement imperialist states play a major role in formulating and implementing "aid" policies by centralizing substantial financial and material means within their own institutions and by assigning large numbers of technical specialists

while private monopoly capital carries out specific programmes of the West's government "assistance".

Prolonged experience with policies of "assistance" by industrially developed capitalist states has shown that the role of private monopoly capital in implementing imperialism's world economic strategy changes over time. In such a context it is both theoretically and practically important to analyze the changing roles and functions of international monopolies particularly in today's conditions when activities relating to the struggle for peace and international security and to promotion of economic cooperation based on equality are assuming a truly global scope.

Such an analysis forms a part of broader studies in this area. Soviet economists are engaged in comprehensive and detailed studies of processes bearing on the international concentration of production and of capital and of the role of international corporations.[1] These are also examined in studies produced by authors in several socialist countries including G. Adám (Hungary), R. Kudliński (Poland), Kh. Heininger (GDR). A number of important aspects of the activities of multinational corporations are also considered in studies published in capitalist and developing countries and by specialized agencies of the United Nations.[2]

A number of qualitatively new elements in the expansion of international monopolies deserve close examination that are associated with the West's policy of "assistance", particularly since some of the relevant processes have become apparent only recently. Among the changes that have become apparent in interactions between bourgeois states and pri-

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[1] V. I. Zharkov, *The 200 Club*, Moscow, Mysl Publishers, 1974 (in Russian); *The Political Economy of Contemporary Monopoly Capitalism*, Vols. I, II, Moscow, Mysl Publishers, 1975 (in Russian); *The Intensification of the General Crisis of Capitalism*, Moscow, Mysl Publishers, 1976 (in Russian); *International Monopolies and the Working Class*, Moscow, Nauka Publishers, 1976 (in Russian); I. D. Ivanov, *The Role of International Monopolies in the World Economy*, Moscow, Mysl Publishers, 1976 (in Russian); I. N. Sysoyev, *Financial and Foreign Exchange Policies of International Monopolies*, Moscow, Financy Publishers, 1977 (in Russian); V. V. Rymalov, *Structural Changes in the World Capitalist Economy*, Moscow, Mysl Publishers, 1978 (in Russian).

[2] U. N. *Multinational Corporation in World Development*, New York, 1973.

vate monopolies in carrying out economic strategies relating to developing countries it is important to identify those that are most significant. This is a matter of practical importance as well as of general scientific and theoretical interest since it reveals new forms and methods of exploitation of peoples of developing countries by international monopolies even though this may be given the name of "multinational partnership".

One should not underestimate the attempts of imperialism to adapt its neocolonialist strategy to a diversity of external and internal factors that determine the current political and economic development of newly-independent countries. Referring to the global historical significance of the liquidation of the overall colonial system of imperialism L. I. Brezhnev has emphasized: "None of this, of course, means that imperialism has reconciled itself with such a course of development. Not at all, for its positions in the former colonies are in some cases still quite strong, and the imperialists are doing everything they can to retain these, and to deepen and extend them wherever possible."[1] International monopolies rely on the achievements of the revolution in science and technology in order to gain the highest possible profits and to intensify various forms of dependence of developing countries. They represent the principal obstacle to the establishment of mutual cooperation based on equality, and create political and economic divisions among newly-independent peoples. In such a context it is important to acquire a complex perspective at the global and regional economic level as well as the level of individual developing countries on the ways in which international monopolies seek to strengthen their position and impede the solution of such vital global problems of concern to all of mankind as overcoming the state of economic backwardness in countries of Asia, Africa and Latin America produced by colonialism, the supply to very large numbers of people of food, raw material and energy, the protection of the environment, the utilization of resources of the World Ocean, and the overcoming of dangerous and widespread forms of disease.

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[1] L. I. Brezhnev, *The Great October Revolution and Mankind's Progress*, Novosti Press Agency Publishing House, Moscow, 1977, pp. 22-23.

CHAPTER I

THE CURRENT STAGE IN THE CRISIS OF THE WORLD CAPITALIST ECONOMY AND INTERNATIONAL MONOPOLIES

1. Changes in the World Capitalist Economy and Developing Countries

One of the characteristic phenomena of our time is the dynamism, intensity and comprehensiveness of the progressive shifts that are taking place encompassing various aspects of mankind's existence. They operate as component elements of the worldwide revolutionary process that has been initiated by the Great October Socialist Revolution.

The course of the world's revolutionary transformations in the three and a half decades that have followed the Second World War have been marked by such globally significant historic achievements as the creation of the world socialist system, which has since become a decisive factor in mankind's development, the collapse of the colonial system, the development of prerequisites for avoiding a world war and for securing a stable peace in the world, as well as for solving a number of vital global problems of concern to all mankind in ways that meet the interests of democracy and of social progress. In his report "The Great October Revolution and Mankind's Progress", L. I. Brezhnev noted: "One such problem, for example, is that of providing enormous numbers of people with food, raw materials and sources of energy. For according to the estimates we have, by the end of the century the population of the Earth will have increased from 4,000 to 6,000 million people. Another problem is that of ending the legacy of economic backwardness bequeathed by colonialism in Asian, African, and Latin American countries. This is necessary for normality in the future development of relations between states and generally for the progress of humanity as a whole."[1]

[1] L. I. Brezhnev, *The Great October Revolution and Mankind's Progress*, pp. 30-31.

The development of international economic relations plays an increasing role in world politics. A wide development of mutually advantageous cooperation based on equality contributes to establishing a more healthy international climate, a reduction in international tensions, and the development of the material foundations required by a stable peace.

Together with all progressive forces the countries of the world socialist community are struggling for a democratization of world economic relations in response to the objective requirements of our age and for the equality of all states, whether large or small and independently of the nature of their political and social systems.

One of the fundamental principles governing social evolution and determining the nature of development of productive forces and its trends is the growing scale at which a socialization of production activities is taking place. This accords with Marx's observation that "there exists a certain common context for labour activities at all stages of production which thus acquires a social character".[1]

Capitalism brings the level of socialization of labour activities to that which is maximally feasible under the last system based on exploitation, both within nations and internationally. This results in an extreme intensification of the fundamental economic contradiction in capitalism between the social character of labour activities and the private capitalist form of acquisition of their outcome.

The development of a world capitalist economy within which the colonial system forms an integral component nears completion in the age of imperialism. Monopoly capital seeks to involve all countries of the world into its orbit of domination by adapting the international system of division of labour to the requirements of its own reproduction and of achieving the greatest possible profits. Monopolies which have themselves emerged through a concentration and centralization of production activities and of capital combine and integrate production and exchange activities

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[1] K. Marx and F. Engels, *Works*, Vol. 46, Part I (2nd Russ. ed.), p. 372.

through a wide internationalizing the process of capitalist exploitation.

In studying the basic principles that govern the development of international economic relations under imperialism and the corresponding trends V. I. Lenin has shown the nature of the "*composite picture* of the world capitalist system..."[1]. In the age of imperialism finance capital establishes two types of monopolies, namely those that operate within individual imperialist countries and those that operate at the level of the overall world capitalist economy.

The very structure of the world capitalist economy has been based on an international system for plundering and oppressing the overwhelming majority of the world's population by the finance capital of a small number of imperialist states.

The deeply contradictory and antagonistic nature of the world capitalist economy has also determined the mechanism through which it functions, and which has not only artificially impeded the development of productive forces in colonial and dependent countries and maintained their economic backwardness and archaic social structures, but has also served to disfigure the process of socialisation of production itself by depriving oppressed peoples of the fruits of their labour and of the possibility to share in the achievements of global civilisation, science, and culture, and of developing along the path of social progress.

Studies of the nature of the antagonistic contradictions that are inherent in the world capitalist economic system have permitted Lenin to conclude that this type of world economic relations does not possess any historical prospects for the future and that it must inevitably be transformed in accordance with democratic and equitable principles. The Marxist-Leninist conception of the socialization of production follows from the position that this objective progressive process is a social rather than a technological process that is based on the development of productive forces and on progress in science and technology.

Scientific socialism associates the process of socialization of production with revolutionary transformation activities

[1] V. I. Lenin, *Collected Works*, Vol. 22, Progress Publishers, Moscow, 1964, p. 189.

in bringing comprehensive changes in the socio-political and socio-economic life of mankind as a whole, including changes in the sphere of international economic relations.

The First World War resulted from a crisis in the system of socio-economic relations that existed within the world capitalist economy at that time. As a result of the operation of the law of uneven economic and political development of countries in the age of imperialism, which was discovered by Lenin, the balance of forces among imperialist states was disrupted, and a territorial redistribution of the colonial world was initiated. That war, which cost mankind many millions of lives, has intensified the development of a worldwide revolutionary upsurge that produced the leading event of the twentieth century, namely, the Great October Socialist Revolution. The First World War and the Great October Socialist Revolution initiated a general crisis in world capitalism, which encompassed all aspects of life in bourgeois society—political, economic, ideological and cultural. It was reflected in the sphere of international economic relations as well, and in particular in the crisis of the world capitalist economic system, which then became both a component element in the general crisis of capitalism and one of the forms in which it manifested itself. From that time forward the first stage in the general crisis of capitalism began.

The Great October Socialist Revolution fundamentally altered the course of world history. On a territory covering a sixth of the globe, the capitalist system of exploitation was terminated. As a result capitalism ceased to be a single, all-encompassing socio-political system, and its monopoly in world politics and the world economy was irreversibly undermined.

The very existence of the world's first socialist state undermined the exploiting system of the world capitalist economy through its far-reaching domestic revolutionary transformations, its Leninist external policy, and its consistent efforts to defend the principles of peace, freedom, equality and respect for the sovereign rights of states and peoples, and mutually advantageous economic cooperation based on equality.

Following the Great October Socialist Revolution the national liberation movement of colonial peoples and of dependent countries appeared as a component element in the global revolutionary process. The new socialist state survived in spite of a military intervention and economic blockade organized by imperialism, and eventually the governments of a number of imperialist countries established economic relations with the USSR. This expressed an objective trend towards the internationalization of economic life.

Trends leading to a disintegration of the mechanism underlying international economic linkages based on exploitation and on the oppression of individual countries by others became clearly evident already during the first stage of the crisis of the world capitalist economy. The causes of the "disharmony in the mechanics" of the world capitalist economy were studied by Lenin. In 1920 he presented a set of theses on a report to the Second Congress of the Comintern. "Raw material—its exhaustion, industry—its weakening (fuels, etc.), currencies and their collapse. Debts. Devaluation. Dislocation, break-up of the whole system of world economy."[1] He considered these issues in his report to the Second Congress of the Comintern. He observed: "This fact shows that the 'mechanism' of the world capitalist economy is falling apart. The trade relations on which the acquisition of raw materials and the sale of commodities hinge under capitalism cannot go on; they cannot continue to be based on the subordination of a number of countries to a single country."[2]

It is noteworthy that the principal deficiencies in the functioning of the mechanism for establishing economic linkages that prevail in the world capitalist economy were already evident at that time, as was the unavoidability of a further intensification of the crisis within its entire system.

By unleashing the Second World War, imperialism attempted to avoid the disintegration of its world economic relations and to make a repartition of colonies and spheres of influence in accordance with changing power balances among lead-

[1] V. I. Lenin, *Collected Works*, Vol. 35, Moscow, 1973, p. 451.

[2] *Ibid.*, Vol. 31, Moscow, 1977, pp. 222-23.

ing capitalist states. But its reactionary forces viewed the restoration of capitalism in the USSR with the help of German fascism and Japanese militarism as their major objective in the Second World War. These hopes were destroyed by the victory of the Soviet Union and of all progressive and peace-loving forces in the Second World War over the dark forces of reaction and fascism.

The second stage of the general crisis of capitalism and hence of its world economic system begins at that time. Its major features are the spread of socialism beyond the boundaries of a single country and its transformation into a world system and the disintegration of colonial empires.

The financial, economic and trade reforms initiated by capitalist countries in the 1940s related only to industrially developed capitalist states and sought to producing changes in the sphere of international economic relations that would meet the needs of major monopolistic groups, and especially American ones, on the one hand, and consolidate the earlier colonial and inequitable international division of labour on the other. Within the world capitalist economy whose scope had been reduced by socialism, imperialism was no longer able to determine the fates of individual colonies and dependent countries.

A third stage in the general crisis of capitalism and a corresponding stage in the crisis of the world capitalist economy began approximately in the second half of the 1950s. This occurred at a time of peace when the advantages of world socialism were fully apparent. The worldwide revolutionary process was marked by a victorious socialist revolution in Cuba, and more than 90 countries achieved national independence as a result of the disintegration of the colonial system.

Imperialism found itself unable to impede far-reaching progressive socio-economic transformations in most of the newly-independent countries. Nor was it able to impede the rapid development of mutually advantageous economic and technical cooperation between these countries and the Soviet Union as well as other countries of the world socialist system. This marked the initiation of a process that has undermined one of its major forms of monopoly within the world capitalist economy namely, its monopoly in providing financial resources to newly-independent countries, supplying

equipment and transferring modern technology and technical know-how.

A decisive factor in the further intensification of the crisis of the world capitalist economy was the existence of the world socialist system, whose increasing power is a source of reliable support to the further development of the struggle of newly-independent countries to strengthen their political independence, achieve economic autonomy, and free themselves from all forms of oppression, exploitation and political subordination.

Because of a progressive decline in the leading role of finance capital in the sphere of international economic relations imperialism lost its ability to transfer the consequences of a badly functioning world capitalist economic system to its former colonial periphery. The course of that process is highly ambivalent. On the one hand specific changes are taking place within the world capitalist economy that are attributable to the further socialization of production activities in the context of the current revolution in science and technology. In the industrial sphere, which is the decisive sphere within material production, the leading role of heavy industry, of energy production, and other leading sectors directly associated with progress in science and technology has become increasingly evident. A rapid growth of the most monopolistic sectors of industrial production is taking place. But these changes have occurred in the context of a sharp intensification of rivalries within imperialism itself as imperialist states and groups of monopolies seek to acquire or else redistribute spheres of influence, markets and sources of raw materials.

On the other hand, the objective requirements of the development of newly-independent countries call for an overcoming of a system under which one group of countries is exploited by others. Instead a system is needed that can provide equal opportunities to all countries and peoples for sharing in the advantages of the revolution in science and technology and increasing the welfare and culture of all persons throughout the world.

Attempts by imperialism to isolate world socialism through a policy centering on a cold war, economic boycotts, and discrimination have ended in complete failure. Specific changes

became evident in the world capitalist economy towards the end of the 1960s and the beginning of the 1970s that were attributable to far-reaching progressive shifts in the world political situation as well as in the world economy.

Unlike in the world capitalist economy, a new historical type of international organization and exchange activities developed within the world socialist economy. It is based on collectivism and solidarity as well as on a joint planned regulation of the internationalization of economic life. As an international system world socialism has created and is successfully developing friendly international relations based on cooperation, mutual assistance and support that are not associated with nationalist rivalries, distrust, and the exploitation of some countries by others. The economically integrated countries participating in the Council for Mutual Economic Assistance represent a dynamically developing region whose role in the world economy is steadily increasing. Between 1971 and 1976 national income increased almost three times faster in countries that are members of the CMEA than in the countries of the Common Market, while the rate of growth of their industrial output was four times higher.

In 1917 the share of Soviet Russia in world industrial production was less than 3 per cent. Today it is 20 per cent and that of all socialist countries is more than 40 per cent. During the third quarter of the century the share of the world capitalist system in industrial production declined by 20 per cent. During the same period the volume of industrial output of countries entering into the world capitalist economy increased by 3.4 times, while that of socialist states increased by 11.5 times.[1]

The construction of a developed socialist society within the USSR and the creation of an integrated national economic complex developing on the basis of centralized planning terminated finance capital's monopoly of a highly developed industrial and technological potential. An integration of the advantages of the socialist mode of production with the achievements of the current revolution in science and technology is being carried out in the USSR in order to bring about a

[1] *The National Economy of the USSR: the First 60 Years*, Moscow, Statistika Publishers, 1977, p. 94 (in Russian).

continuous increase in the material welfare and cultural level of Soviet citizens.

The Soviet Union's national economy is participating increasingly in the international division of labour. Our country's external economic relations exert a growing influence on the development of global economic relations. Qualitatively new features have appeared in the USSR's external economic relations particularly in the 1970s as long-term and large-scale forms of cooperation are implemented whose scope exceeds that of traditional commercial operations.

Together with other socialist states the USSR has proposed a comprehensive programme of democratization of international economic relations which include among other things the recognition of rights of all peoples and states to participate in international economic relations on the basis of sovereignty and principles of peaceful coexistence, mutually advantageous economic cooperation based on equality, and a rejection of any forms of exploitation and oppression and of territorial or other claims.

With the assistance and support of the world socialist community, the overwhelming majority of newly-independent countries have been able to carry out far-reaching progressive socio-economic transformations during the last 20 years, and this has enhanced their role in the world affairs and has helped to consolidate their positions in struggling against imperialism.

Under present conditions the nature of the newly-independent countries' struggle against imperialism has acquired features that are qualitatively new. They reflect their increasing commitment to resolve the problems of their development within the framework of general democratic transformation in the world, the implantation of principles of peaceful coexistence in international relations among states possessing different social structures, and mutually advantageous cooperation based on equality. In its consistent support for applying democratic principles to international relations the Soviet Union has contributed important proposals and initiatives to the United Nations and other forums in defending the sovereign rights of Asian, African, and Latin American countries.

In particular, the USSR has proposed a programme for restructuring international economic relations on the basis of the principles of equality, mutual respect for each other's rights and cooperation among all countries. This has met with wide support among newly-independent countries struggling for the establishment of a new international economic order. The newly-independent countries associate the establishment of a new economic order with a liquidation of economic colonialism and with an active participation by developing countries in the tackling of the major problems of international economic relations, including the establishment of effective control over the activities of international monopolies, an attenuation in cyclical fluctuations in demand and supply on world markets, the establishment of equitable proportions in the relative prices of raw materials and of industrial commodities, the providing of technico-economic assistance to newly-independent countries, and the formulation and implementation of concrete measures in overcoming the backwardness of their economies.

Unlike earlier stages of crisis of the world capitalist economic system, its present stage is developing in a situation in which the West's leading industrialized capitalist countries are no longer able to develop their economic relations with newly-independent countries in ways that retain the basic elements of colonial exploitation. At the same time, the ex-colonial periphery is no longer prepared to be an object of plunder and oppression on the part of imperialism. The contradictions between imperialism and newly-independent countries are now exerting an increasing influence on the correlation of forces within the world capitalist economy.

It was not long ago that imperialism viewed these countries as sources of raw materials, markets, spheres for effective applications of investments and sources of cheap labour.

Today the position of world capitalism within the former colonial "periphery" has greatly changed. Instead of colonies and dependent countries independent national states have emerged. A substantial number of them have taken a socialist-oriented path. In spite of difficulties the very course of their development creates conditions that bring direct imperialist exploitation to an end. Even those newly-independent countries that are following the capitalist path

of development are increasingly active in opposing the preservation of colonial arrangements within the framework of international economic relations. Generally developing countries are active in opposing the diktat of imperialism and the continuation of their specialisation in agrarian and raw material production within the framework of the world capitalist economy that has served as the material basis of their unequal position within the international division of labour.

New elements have appeared in the disharmonious operation of the world capitalist economy. They are associated with deep internal socio-economic changes in developing countries and especially with their striving to overcome economic backwardness and to achieve economic independence.

Lenin's proposition concerning the nature of mutually opposing trends under capitalism is important in helping understand these developments. In his work entitled "Critical Remarks on the National Question" he wrote: "Developing capitalism knows two historical tendencies in the national question. The first is the awakening of national life and national movements, the struggle against all national oppression, and the creation of national states. The second is the development and growing frequency of international intercourse in every form, the break-down of national barriers, the creation of the international unity of capital, of economic life in general, of politics, science, etc.

"Both tendencies are a universal law of capitalism. The former predominates in the beginning of its development, the latter characterises a mature capitalism that is moving towards its transformation into socialist society."[1]

The operation of the law of the unequal economic and political development of countries in the age of imperialism has caused periodic shifts in the balance of forces among leading capitalist states. Its operation is especially pronounced during the third stage of the general crisis of world capitalism. The reduction of the territorial sphere within which the capitalist mode of production prevails has intensified

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[1] V. I. Lenin, *Collected Works*, Vol. 20, Progress Publishers, Moscow, 1977, p. 27.

the existing struggle among imperialism's national centres. This struggle is proceeding, moreover, in a context of the revolution in science and technology, a development of productive forces, an intensive internationalization of economic life and exchange, a rapid development of modern means of transportation and communication and a rapid dissemination of the achievements of science and advanced technology.

A number of factors have led to a still greater interdependence among countries entering into the world capitalist economy, and to a new phase in the international socialization of productive forces. They include the further intensification of the international division of labour, the development of new forms of cooperation among countries in production and in science and technology, a growing volume of foreign trade, growth of capital exports, and more complex forms as well as greater volumes of international credit associated with the appearance of the so-called Eurocurrencies.

In his "Notebooks on Imperialism" Lenin had noted "the union of the modern gigantic world states into a single economic whole"[1] as the trend in the development of world economic relations. At the present stage of concentration and of emphasis on monopoly forms of capital and of production both at the national and international levels the world capitalist economy represents an international economic complex within which the basic contradiction of capitalism between the social nature of production and the private capitalist form of appropriation of its results is particularly intense.

As its operation intensifies that contradiction produces qualitatively new elements in the current stage of the crisis of the world capitalist economy. In particular this relates to the manner in which the law of unequal development expresses itself in altering the balance of forces among imperialism's major centres in North America, Western Europe and Japan and in intensifying inter-imperialistic rivalries.

The struggles in which individual centres of imperialism

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[1] V. I. Lenin, *Collected Works*, Vol. 39, Moscow, 1968, p. 103.

are engaged in order to redistribute spheres of influence and investment, and of markets is acquiring forms that are increasingly refined as well as intense. In addition to such traditional methods as trade wars, the new forms that have appeared include taking advantage of major perturbations in the world economy produced by the crisis in order to undermine rival countries and monopolies, and attempts to persuade individual newly-independent countries to participate in plans of a particular imperialist centre.

The present stage in the world capitalist economic system's crisis is complex, for it extends to the entire structure of the capitalist economy including trade, capital markets, transactions in foreign currencies and credit, and access to sources of energy and raw materials. It was preceded by an intense crisis in international economic relations between industrially developed capitalist countries and newly independent countries, and this is reflected in the West's policies of economic "assistance" to countries of Asia, Africa, and Latin America.

Its present stage is proceeding in a context in which the system of regulation employed by state-monopoly capitalism was unable to prevent the global overproduction crisis of 1974-1975, which is the most far-reaching one since the Second World War. It has also been unable to impede the irreversible process of economic liberation of developing countries and their increasing role in the world capitalist economy.

In the present age imperialism can no longer ignore the growing role of newly-independent countries, which have become active participants in global economic relations. It is unable to prevent an emerging crisis in economic relations between industrially developed capitalist states and developing countries. Referring to the economic recession, inflation, increasing prices for petroleum and shortages of food the authors of one of the reports of the OECD Development Assistance Committee (whose members include 17 Western states) have observed that "all this has made it necessary to reconsider policies and have also produced structural changes in the world economy".[1]

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[1] *Coopération pour le développement.* Paris, 1975, p. 13.

In particular the beginnings of a radical reconstruction of contemporary international relations on the basis of the principles of peaceful coexistence of states possessing different social structures coincide with an intensifying crisis of the world capitalist economic system.

In describing this process L. Turner, who is an English economist, recognizes that: "Whatever happens, the relationship between the Third World and the developed countries will become more violent because, for the first time since the turn of the century, economic forces are starting to work in favour of the Third World."[1]

A particularly important conclusion was made in the proceedings of the 25th Congress of the CPSU, in which it is noted that given the current balance of class forces in the world, the newly-independent countries are quite in a position to resist dictate on the part of imperialism and to achieve equitable economic relations.

Imperialism is no longer able to rely on gunship diplomacy and economic blockades in opposing the determination of newly-independent countries to become masters of their own natural resources and to achieve economic independence with the help and support of the world socialist system.

The system of economic relations within the world capitalist economy that had made it possible for the principal benefits from the utilization of natural resources to accrue to foreign monopolies rather than to their owners over a historically prolonged period of time is experiencing a deep crisis. In the 1960s and 1970s foreign monopoly-owned property in oil industry and in other sectors of the national economies of newly-independent countries were put under national control. This greatly intensified the competition of monopolies from developed capitalist countries for sources of raw materials.

In his *Imperialism, the Highest Stage of Capitalism*, Lenin wrote that: "The more capitalism is developed, the more strongly the shortage of raw materials is felt, the more intense the competition and the hunt for sources of raw ma-

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[1] Louis Turner, *Multinational Companies and the Third World*, Penguin Books, London, 1973, p. 205.

terials throughout the whole world, the more desperate the struggle...."[1]

At the present time the inter-imperialist struggle is proceeding in conditions in which shifts have become apparent within the international capitalist division of labour, and in which important changes have begun to take place within the "peripheral" part of world capitalism. A trend is asserting itself towards an internationalization of productive forces and a mutually advantageous exchange among countries and peoples based on equality. This is creating the prerequisite conditions for the development of an international economy that will be free from exploitation, dictates, and oppression.

In the context of a world capitalist economy this trend expresses itself in corresponding antagonistic forms, i.e., through capitalist production relations that reflect the dependence of some countries and peoples on others. But the progressive character of that trend is continually asserting itself as it undermines the foundations of capitalism's world economic relations.

This is why a major trait of imperialism's neocolonial strategy in relation to developing countries concerns its attempts to prevent them from freeing themselves from capitalist dependence, to link the "periphery" to corresponding "centres" through more refined bonds and continue its exploitation with the help of so-called flexible forms and methods that may be adapted to changing conditions of international life.

Imperialism continues to rely on a variety of state-monopolistic measures intended to influence the mechanism governing the global economic relations of the capitalist system in seeking to attenuate the "disharmony in its mechanics". The relationship between the expansionist policies of international monopolies and the neocolonial policies and practices by the West has become especially evident during the present stage of the crisis of the world capitalist economy.

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[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 260.

2. International Monopolies and the World Capitalist Economy

The role and policies of international monopolies in the sphere of international economic relations has produced a number of conflicting interpretations. In his *Age of Uncertainty* the well-known American sociologist, J. Galbraith, seeks to prove that by "socializing" production and distribution they become representatives of "social interests".[1]

An opposite view states that the future will become the "age of multinational corporations", and that since their dominance is unavoidable it is useless to oppose this.[2]

It is evident that a scientific analysis is needed that can explain such interpretations of the increasing role of international monopolies in the light of the strengthened tendency of leading groups representing finance capital to acquire a position of economic hegemony within the world capitalist economy. Such a tendency is characteristic of contemporary capitalism, and its operation may be followed over a relatively prolonged period of time. In the contemporary context, however, it has acquired specific forms. In order to describe them it is important to trace the development of the economic conditions that have led to the emergence of international monopolies.

Over 60 years ago Lenin studied the dominance of monopoly capital not only within the national boundaries of imperialist states but also internationally, within the framework of the world capitalist economy. Thus, international monopolies are not a new phenomenon.[3]

The reproduction and accumulation of monopoly capital and the production and appropriation of surplus value have

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[1] J. K. Galbraith, *The Age of Uncertainty*, André Deutsch, London, 1977, p. 278.

[2] *Socialisme et multinationales*. Colloque de la Fédération de Paris du Parti Socialiste, Paris, 1976, p. 10.

[3] The term "international monopolies" refers, first, to agreements among very large monopolies of one or more countries in dividing markets, sources of raw materials, shares of output, joint research and development activities, and particular production activities. It also refers to transnational corporations which are the property of a particular financial group and possess a developed network of foreign branches. Finally, it refers to multinational corporations belonging to monopolies of two or more countries.

acquired an international scope. Many millions of workers are being exploited by that form of capital, including workers in the countries of developed capitalism and peoples of other countries and continents which only recently constituted imperialism's colonial periphery.

Until recently the concentration of production and capital proceeded primarily within either a national or a colonial or regional framework. It had not acquired so pronounced global economic characteristics that may be seen today. Under the present system of dominance of state-monopoly capitalism the concentration of production and capital has reached a very high level of development within the entire capitalist economy. The reproduction and accumulation of monopoly capital as a whole as well as of individual groups within it is influenced by the increasingly rapid internationalization of economic life produced by the revolution in science and technology, peaceful coexistence with a dynamically developing world socialist system, and an intensification of contradictions between imperialist countries as well as between centres of imperialism and developing nations.

As it proceeds within a declining sphere of dominance the concentration of capital is increasingly accompanied by various forms of internationalization. Today its concentration and centralization extend to the entire world capitalist economy as they follow an uneven and contradictionary course. Just as in the case of the economies of individual capitalist countries 80 or 90 years ago they encompass all its branches, including production, trade, scientific research and development, exchanges of innovation in production, the training and utilization of labour, finances, and the exploitation of natural wealth and of the environment.

Monopoly capital seeks to use the objective process of an increasing economic cooperation among countries and peoples to accrue maximal profits through the creation of a ramified mechanism of international exploitation. An increasingly active role in that is played by bourgeois states. All their policies and economic might are directed at strengthening the position of their monopolies at the international as well as the national level and attenuating the conflict between the increasing international socialization of productive forces and the private monopoly forms of appropria-

tion that impede the development of closer linkages among different national economies based on real equality.

With the help of the diverse forms of support that they receive from their own imperialist states and of the enormous manpower and material resources of the capitalist world that they have brought together, the largest monopolistic corporations seek to acquire control not only over major economic sectors of the industrially developed capitalist countries, but also over major spheres of technological and research and development activities throughout the world capitalist economy. In doing this they make use of objective international processes that are associated with the growth of productive forces and with the increasing intensification of the international division of labour, greater intensity of international exchanges of scientific and technological knowledge and know-how, and the development of international trade.

The most important qualitative shift within the system of dominance of monopoly capital over the world capitalist economy extends beyond the new stage in the monopolization of production and circulation of commodities and the increasing inter-imperialist rivalry resulting from an intensification of the unequal political and economic development of individual participants. It includes a diversification in the monopolies' economic activities. In particular such conglomerates as ITT, Philips, and Nestlé, are primarily engaged in global economic operations. Above all there is a qualitative shift in the system of dominance of finance capital as international monopolies extend their activities to the world capitalist economy and assume leadership.

Already at the beginning of the century Lenin described the appearance of international monopolies whose principal characteristic was not merely the export of capital in order to collect monopolistic superprofits and the organization of branch enterprises in other countries that would regularly forward local profits to the parent firm. They are characterized instead by the establishment of integrated complexes that encompass centrally regulated worldwide activities relating to production technology, financial structures, research and development and distribution networks. "When a big enterprise assumes gigantic proportions, and, on the

basis of an exact computation of mass data, organises according to plan the supply of primary raw materials to the extent of two-thirds, or three-fourths, of all that is necessary for tens of millions of people; when the raw materials are transported in a systematic and organised manner to the most suitable places of production, sometimes situated hundreds or thousands of miles from each other; when a single centre directs all the consecutive stages of processing the material right up to the manufacture of numerous varieties of finished articles; when these products are distributed according to a single plan among tens and hundreds of millions of consumers ... then it becomes evident that we have socialisation of production, and not mere 'interlocking'."[1]

The most powerful groups of finance capital existing as international monopolies acquire key positions not merely within the national boundaries of major centres of imperialism but also seek to influence the processes that are leading towards closer economic convergence of countries and peoples. They seek to carry out their own global economic strategy and to create territorial and economic spheres of dominance constituting a form of "invisible empires".

Such global strategies are based on the export of capital largely in its productive form, which is accompanied by the creation of production and distribution centres in different regions and countries of the world capitalist economy.

The global character of the strategy of international monopolies expresses itself at various levels. First, the transfer of some of the productive and distributive operations to other countries represents more than merely their geographical relocation: it produces an international structuring of corporations that permits individual elements to operate as components of an integrated mechanism in producing the largest possible profits and in achieving basic expansionist objectives. International monopolies are able to change their so-called peripheral administrative structure and adapt their profit-making policies to specific conditions of production, marketing, and competitive struggles in such a way as to compensate within particular countries (or sectors) losses that may be incurred in others, and to apply

[1] V. I. Lenin, *Collected Works*, Vol. 22, pp. 302-03.

various forms of pressure within developing countries. Second, global strategies provide additional advantages not only through the very fact that an expansion in the sphere of exploitation takes place, but also through the possibility of achieving gains through the operation of various economic, political and social factors. Third, by manipulating resources and prices and by adapting their production and marketing programmes to specific conditions within the non-socialist world international monopolies seek to forecast their expansion over the long run as well as in the immediate future.

This former consideration is especially important in preserving monopoly positions in the distant future as well, leading international monopolies seek to maintain controlling positions in production, exchange and in research and development. In such a context they consider not only the course of competitive struggles but also the development of countries belonging to the world capitalist economy, economic relations with the socialist countries, the growth of the international workers' and trade union movement, and the growth of forces of national and social liberation. In developing their global strategies international monopolies are especially mobile and flexible: they may transfer capital from one sector or country to others, diversify production activities both in the narrow and the wide meaning of that term, and manipulate various types of investments as well as their relation with both headquarter countries and host countries, and take advantage of difficulties that may arise.

Because of their power, technological superiority, and economic activity, multinational corporations penetrate the economies of individual countries by making use of various forms of control and establish control over entire modern industrial sectors.

In seeking to optimize their activities in terms of achieving diverse objectives international monopolies consider such factors as the low cost of labour, the possibility of utilizing local energy resources and sources of raw materials, advantages with regard to taxation, markets, and tariff regulations, and the political orientation of the countries within which they seek to expand. Studies of the profitability of production cycles are carried out at the level of indi-

vidual components of the final product rather than of the final product itself. For example, an orientation on favourable factors existing in four or five or more countries is a common practice in decisions relating to the production of particular commodities. The development of specific production sectors in developing countries causes some of them to become individual links within divisions of labour that are administered by a particular international monopoly.

Lenin emphasized: "Finance capital is interested not only in the already discovered sources of raw materials but also in potential sources, because present-day technical development is extremely rapid, and land which is useless today may be improved tomorrow if new methods are devised (to this end a big bank can equip a special expedition of engineers, agricultural experts, etc.), and if large amounts of capital are invested. This also applies to prospecting for minerals, to new methods of processing up and utilising raw materials, etc., etc. Hence the inevitable striving of finance capital to enlarge its spheres of influence and even its actual territory."[1]

At various stages of the crisis of the world capitalist economy the major monopolies usually intensified their activities in the sphere of international economic relations. Beginning in the second half of the 1960s, however, and especially in the 1970s they became particularly active. This is explained by a number of factors, including the further deepening of the crisis of the world capitalist economic system, the intensification of the struggle of peoples of the ex-colonies and dependent countries against imperialist exploitation, an increasingly sharp struggle among Western states and groups of monopolies in their rivalry over the exploitation of capital, sources of raw materials, and markets, and a reduction in the sphere of influence of monopoly capital as a result of revolutionary successes of peoples on all continents, by the growing instability of world capitalism and striving of the international monopolies to export capital before the regular recurrence of the economic crisis.

The economic expansionism of monopolies has acquired a number of specific features. Documents from a Colloquium

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[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 261.

on Socialism and Multinational Companies organized by the French Socialist Party note: "The entire world is drinking Coca-Cola, shaves with Gillette razor blades, and uses soap produced by Colgate-Palmolive. It drives cars produced by Chrysler or Ford in tires produced by Michelin, and fuels with Esso, Elf, BP and Shell. Brand names and firm names have come to refer to specific consumer products: Frigidaire, Kodak, Singer, Polaroid. Each of these multinational firms may be compared to an octopus that extends its tentacles over the entire globe without regard for political and geographical boundaries."[1]

The external economic expansion of the largest monopolies intensifies crisis processes within the world capitalist economic system. Even during regular recessions in the major developed capitalist countries, stagnation in world trade, and monetary and foreign exchange disorders these firms are able, through manoeuvring, to achieve extremely high profits.

The rate of growth in their volume of transactions in the 1970s was more than twice as great as that of the gross national product. The monopolies themselves are characterized by a high degree of concentration of production and capital, particularly in those leading branches of industry that are directly associated with the revolution in science and technology. Altogether three-fourths of the industrial output of the non-socialist world is produced by one to two thousand of the largest capitalist firms and 4-5 of them produce 50 to 80 per cent of the most important types of output. Eighty-five of the 500 most powerful international monopolies control 70 per cent of all foreign investments. As much as 500 giant firms control 80 per cent of the distribution of all electronics and chemical products, 95 per cent of pharmaceuticals, and 76 per cent of machine and electric engineering.[2]

Fifty-one of the 100 largest financial organizations of the capitalist world are monopolies and 49 are bourgeois states.[3]

We thus find an unprecedented concentration of economic

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[1] *Socialisme et multinationales*, p. 9.

[2] *Ibid.*, pp. 15-19.

[3] E. J. Kolde, *The Multinational Company*, Lexington Books, D. C. Heath and Company, Lexington, Massachusetts, Toronto, London, 1974, p. XV.

power in the hands of several hundred major international monopolies, among which there are 30 to 50 especially powerful corporations with multibillion-dollar assets most of which are American. Among the latter a petroleum giant, Exxon, ranked first in 1976, followed by General Motors, Ford and Texaco. The billion-dollar club, made up of companies reporting sales of more than $1 billion, acquired 24 new members between 1975 and 1976 and expanded its membership to 227.[1]

In recent years the increasing relative weight of international corporations in capitalist production and commerce is largely attributable to mergers and additional acquisitions by the giants themselves. One of the recent "mergers of the century" concerned the acquisition by General Electric of the billionaire mineral products corporation Utah International. It is also indicative that the number of US-based international monopolies has declined from 67 in 1962 to 49 in 1973.[2]

While at the beginning of the twentieth century there was only one firm in the world whose assets exceeded 1 billion dollars, there were over 370 such firms in 1976. They controlled more than two-thirds of all assets and of the labour force as well as profits. This group of elite corporations represents approximately 0.002 per cent of the overall number of firms in the capitalist world. Only 12 of them are state-owned. The economic power of the largest international monopolies is far greater than that of a number of advanced capitalist states and of the overwhelming majority of national independent states.

According to forecasts prepared by Western specialists, by the end of the century a continuation of current rates of concentration and centralization of capital will produce a situation in which approximately 300 to 600 corporations will dominate capitalist production. Some estimates indicate that by 1988 the transactions of foreign branch units of international monopolies will be 41 per cent of the value of the gross national product of the entire capitalist world and

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[1] *Fortune*, May 1977, Vol. XCV, No. 5, p. 364.

[2] J. Kuczynski, *Die Krise der kapitalistischen Weltwirtschaft*, Dietz Verlag, Berlin, 1976, p. 23.

that they will rise to 53 per cent by 1998.[1] There have also been utopian forecasts concerning the possibility that an "integrated capitalist trust" may develop, which in many respects is similar to Kautsky's theoretical conception of ultra-imperialism. At the time Lenin examined this conception critically and in some detail, and emphasized the need to distinguish between trends towards a worldwide monopoly and their practical realization. He wrote: "There is no doubt that the trend of development is *towards* a single world trust absorbing all enterprises without exception and all states without exception. But this development proceeds in such circumstances, at such a pace, through such contradictions, conflicts and upheavals—not only economic but political, national, etc.—that inevitably imperialism will burst and capitalism will be transformed into its opposite *long before* one world trust materialises, before the 'ultra-imperialist', worldwide amalgamation of national finance capitals takes place."[2]

The contradictory and conflicting nature of the capitalist internationalization of capital is clearly evident in the transformation of finance capital into international finance capital. Today such financial institutions as bank trusts, insurance companies and pension funds control 25 per cent of the shares of international industrial and commercial firms. This includes control over large international monopolies. In particular these institutions own 34 per cent of the shares of the capitalist world's largest electronic company IBM, and 53 per cent of the Aluminium Co. of America.[3]

The process of international monopolization extends to banking operations as well as the sphere of production. In the early 1970s the assets of international banking consortium Orion were three times larger than the state budget of France and were equal to GNP of Benelux, Denmark, Norway, Austria and Switzerland.[4] A group of major banks that together with international industrial monopolies and also

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[1] *Economie et humanisme*, No. 220, Lyon, November and December 1974, pp. 44-58.

[2] V. I. Lenin, *Collected Works*, Vol. 22, p. 107.

[3] *BIKI*, No. 92, August 6, 1977.

[4] H. Claude, *Les multinationales et l'impérialisme*, Paris, 1978, p. 37.

major non-banking credit and financial institutions has concentrated enormous volumes of monetary capital under its control forms the core of international finance capital and of the financial oligarchy. In this connection the American economist R. Vernon, who is the author of "Storm Over the Multinationals: Problems and Prospects" (1977), observes that "over all, the role of multinational enterprises as a class has been growing, not declining".[1]

The rapid growth of the international industrial and banking consortia, whose financial and organizational control extends to tens and even hundreds of branches and enterprises in foreign countries, has been accompanied by a striving on the part of finance capital to create a wide network of participation in foreign activities, i.e., of various forms of domination. These include the use of such traditional methods as ownership of a controlling volume of shares, continuous operations of international foreign exchange and capital markets, which often result in speculative activities, and the redistribution of productive forces, natural resources, capital and profits within the world capitalist economy.

Capital is an international force. Today more than ever the activities of international finance capital illustrate Lenin's definition. The internationalization of production and exchange in the world capitalist economy is accompanied by centralization of control over activities in production, marketing, research and development, finance and foreign exchange operations on the part of a small number of international monopolies.

While international monopolies cooperate with bourgeois governments in matters of class and social relations within the framework of state-monopoly capitalism, they act independently of their regulating functions and operate as private-monopoly centres when taking major economic decisions relating to the development of national economies and of the overall world capitalist economy. Not infrequently being narrowly selfish actions of particular international financial groups these decisions are in opposition to the policies of bourgeois states. In describing the activities of international monopolies, the American economists R. Keohane

[1] *Foreign Affairs*, January 1977, Vol. 55, No. 2, p. 246.

and J. Nye stress that: "Even more important is the trend toward centralization of strategy, which means the creation of effective decision domains broader than the decision domains of either the home or the host country."[1]

At the same time in seeking to strengthen the position of their own monopolies in their struggle with foreign competitors bourgeois states initiate protectionist measures. In terms of their class content these express an intensifying rivalry among particular monopolistic groups. But it is important to emphasize that even though these measures are protectionist they seek to lend new strength to a system under which man exploits man, and some states exploit others, that is to preserve capitalism as a socio-economic system.

It follows from this that at a time when ever increasing disruptions are occurring in the world capitalist economy and when contradictions among imperialist states are becoming more intense the prevailing trend is a striving to coordinate their policies towards international finance capital and to combine their efforts in struggling against the world socialist system, the international labour movement and progressive national liberation forces. In spite of the intense struggle among national financial oligarchies (as well as within such groups) international finance capital continues to represent a complex and contradictory interweaving of national monopoly capitals that are united by fundamental social objectives of a class nature in seeking to maintain a system of dominance and oppression and to achieve the greatest possible profits.

A characteristic feature of contemporary international monopolies is their activities in financing their foreign branch companies primarily from local sources, thus mobilizing local capital. International firms specializing in financing activities are established within these monopolies for the special purpose of mobilizing international capital primarily for long-term and medium-term loans. Wide use is made of the international exchange markets. The international monopolies that operate on such markets and the banks and associations of banks (consortia, syndicates) that are asso-

[1] R. O. Keohane, J. S. Nye, "World Politics and International Economic System", *The Future of the International Economic Order: An Agenda for Research*, Lexington Books, Mass., 1973, p. 141.

ciated with them are able to mobilize effectively the capital that they need by taking advantages of differences in tax and foreign currency regulations and of conditions that favour the collection of profits from capital at particular moments.

Such a combining of the capital resources of various national financial groups within the framework of international monopolies serves to redistribute capital among countries and regions in such a way as to maximize profits for minimal initial investments. When an international monopoly makes use of its parent firm (holding company) in order to establish a division, a branch office or else a branch company in another country, it usually makes wide use of local sources of financing. Loans, credits and the resources of various firms and of government agencies of host countries are supplemented by funds that are redistributed through the international capital market.[1]

For example in developing countries that experience an intense need for additional investments international monopoly capital emphasizes investments primarily at the initial stages of particular projects. Outflows of profits from developing countries begin already before their completion although profits are partly reinvested. On the whole, however, financing is based on the developing countries' internal resources which may meet up to 40 per cent of project costs.

The flow of capital within the framework of international monopolies is accompanied by intensive rivalries. Not infrequently in order to gain time they enter into agreements and organize "joint" enterprises. For example, during the first half of the 1970s the Anglo-Dutch international monopoly Royal-Dutch-Shell participated in 25 different agreements with other petroleum giants, while America's Exxon participated in 35 "joint enterprises". In Western Europe branch enterprises of US international monopolies participated in 4,000 "joint enterprises" with their competitors. This number is three times larger than the number of such agreements involving Western European firms alone.[2]

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[1] For example, 98 per cent of the capital expenditures of branch companies of US monopolies engaged in processing industries in Western Europe were met from local sources of finance (*Kommunist*, No. 15, 1975, p. 119).

[2] *Le nouvel observateur*, No. 466, October 15-21, 1973.

In spite of the sharp contradictions and competition that divide them international monopolies are closely associated with each other. In this connection the journal *Afrique nouvelle*, Dakar (December 7-13, 1977), observes: "It would be naive to view the multinationals individually. Their activities must be viewed in the context of the network they have set up and the financial groups they belong to."

A characteristic feature of international monopolies is their access to comprehensive economic and trade information. This permits them to be highly flexible and effective in arriving at particular agreements. Even some traditional producers are unable to compete with them in this respect. In addition as they compete with each other leading monopolies also engage in a wide sharing of information concerning the state of particular markets and initiate coordinated measures against outsiders and producing countries.

The degree of monopoly control over international exchange activities in food products is indicated by the fact that six international monopolies control 85-90 per cent of world sugar sales; three firms control 70-75 per cent of the world's banana sales; and five firms control 75 per cent of cocoa bean sales. In the case of cotton fifteen international firms (two Western European, eight American, and five Japanese firms) account for nearly all sales on the world capitalist market.

In order to mislead international economists and government institutions of developing countries international monopolies often state that in the case of industrial crops and mineral raw materials their profits from world market operations are of the order of 1-2 per cent. The actual levels of the corresponding profits, however, are hidden through a system of sub-dividing administrative units, relying on vertical and horizontal integration, and through other procedures and financial manipulations.

Lenin has defined the export of capital as one of the major economic traits of imperialism that forms the economic basis for its existence.

Activities of international monopolies are based on exports of capital that influence the development of the world capitalist economy very substantially. They concentrate an enormous economic potential under their control and

operate as a major factor in the world capitalist system's economic and political life.

Because it is an expression of the "ripeness" and "over-ripeness" of capitalism, the export of capital is closely associated with the reproduction of monopoly capital and derives from the corresponding scale of accumulation. Having discovered the general law of capitalist accumulation, Marx has shown its class and economic essence and has defined the nature of bourgeois society in which the dominant law concerns the production and appropriation of surplus value and of profits by owners of means of production, that is of the results of the unpaid labour of the working class, of all workers, of all those who form the overwhelming majority of persons offering their labour for hire.

The operation of the general law of capitalist accumulation clearly reveals the contradictory nature of the capitalist economy, in which enormous production capacities are employed by monopoly capital from the point of view of attaining a high rate of profit rather than meeting the needs of the working masses. Growing unemployment, galloping inflation and disruptions within the economy negatively influence the real incomes of the working people, the demand for consumer goods, and ultimately the dimensions of the domestic market conditions.

The tendency of the rate of profit to decline that was described by Marx, currently expresses itself in such phenomena as excessive accumulation, that is a concentration of "redundant" capital among large firms awaiting opportunities for profitable investment. Their calculations indicate that in the presence of a high level of monopolization of national economies and of bitter competition new or else additional investments will not yield desired high rates of profit. The "loss of value" of capital is intensified by the needs of the revolution in science and technology, and particularly by the need to invest additional funds in introducing new techniques and technology.

At the same time a relatively small number of corporations, most of which are international, influence the investment climate in capitalist countries. At a time when an intensified struggle for markets is taking place, they are able to overcome the excessive accumulation of capital by

redistributing it from some sectors of the economy to others, and by relocating in production activities among individual countries and regions.

The intensification of crisis processes in the world capitalist economy has been emphasized by V. Rymalov, a Soviet economist, who observes that "an unprecedented intensification of the activities of international monopolies within the world economy has come to play a special role in the sharpening of such processes and thus in inter-imperialist rivalry as well. Their narrowly conceived self-serving policies are further amplifying the chaotic, unstable and uneven development of that economy s major components, and are forming within it new centres of unresolvable economic and political contradictions".[1]

Their ability to relocate investments at the level of the entire world capitalist economy as well as of particular country or a group of countries permits international monopolies to operate as a type of monopolistic "regulator" of both production and marketing.

Depending on the current state of the general economic situation, the level of wages, the intensity of class struggles, of taxation, and other factors, international monopolies either contribute capital to the modernization of production in their countries, or export capital to other countries where conditions for obtaining monopolistically high profits are favourable, or else artificially reduce their rate of investment.

Their capital exporting activities operate as an instrument for shifting "unfavourable economic climates" from country to country and for exporting recessions. This contributes to the element of simultaneity in the development of global overproduction crisis.

To a certain extent the world overproduction crisis of the mid-1970s, which has disrupted the reproduction of monopoly capital, may be attributed to an intensification of intersectoral and inter-country transfers of capital by international monopolies. Aside from demonstrating the ineffectiveness of state-monopolistic measures for overcoming its development, that crisis has shown the contradictory conse-

[1] *International Affairs*, No. 3, 1978, p. 38.

quences of exporting capital under present conditions, when the dominant trend in world economic relations is an internationalization of productive forces.

At the present time international monopolies do not wait for an overaccumulation of capital to occur in their own countries. Instead they rely on the internationalization of productive forces and intensify the internationalization of capital within the framework of the world capitalist economy. They seek to make use of the achievements of the revolution in science and technology and also to render the growing international division of labour an inter-firm character in order to maintain high rates of return on both internal and foreign investments.

Exports of capital thus contribute to the internationalization of productive forces to the extent that after achieving a certain level of development the internationalization of productive forces operates as an important stimulus to the exportation of capital. This accounts for the striving of international monopolies to interpenetrate the monopolized economic sectors of industrially developed capitalist countries (their priorities and search for dominant positions in decisive sectors of national economies and of the world-capitalist economy as a whole) as well as for their growing expansion in developing countries through relations in the fields of production, commerce, finance, and science and technology.

International finance capital plays a dominant role in monetary and financial operations. By periodically engaging in international speculative operations it further intensifies the international currency system's chronic state of crisis. International monopolies also play a dominant role on world commodity markets and exert a decisive influence on the external trade activities of the capitalist world.

In short, the growing active role of international monopolies in establishing world economic relations is a major feature of the present stage of the crisis in these relations. Their activities extend to all structures and spheres of world economy in varying degrees.

They display a considerable measure of flexibility in adapting to changes in world economic relations. In particular, they have made use of the intensification of the social-

ization of production and of international exchanges in knowledge, technology and production in order to lend to these processes a private monopolistic form. With the help of bourgeois states they have strengthened considerably their influence within such integrative state-monopoly associations as the Common Market. As international monopolies are forced to retreat under the pressure of newly-independent peoples in matters relating to control over major forms of natural wealth they seek to impose new forms of dependence and of exploitation on independent national states.

International monopolies seek to influence the nature of the international division of labour in such a way that they may "divide" the world capitalist economy into spheres of influence and expansion. In particular, the so-called global economic complexes that encompass both industrially developed capitalist countries and developing countries represent a new attempt to redivide economically the capitalist world while retaining neocolonialist forms of exploitation over peoples of Asia, Africa and Latin America. Instead of mutually advantageous forms of economic cooperation based on equality their "integration" into the world capitalist economy "through the use of the integrating possibilities of multinational corporations" is imposed.[1]

The increasing influence of international monopolies on the entire world capitalist economy and on the economic relations of industrially developed capitalist countries with developing nations increases still further the instability of the economic basis of world capitalism and of its socio-economic system. It intensifies its inherent contradictions and above all the basic economic contradiction between the social nature of production activities and the private capitalist form of appropriating their results which lies at the root of economic crises.

Lenin had pointed to the manner in which the concentration of capital and its monopolization on an international scale inevitably intensify capitalism's basic economic contradiction.

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[1] *Foreign Affairs*, January 1974, p. 128.

He wrote: "Concentration has reached the point at which it is possible to make an approximate estimate of all sources of raw materials (for example, the iron ore deposits) of a country and even, as we shall see, of several countries, or of the whole world. Not only are such estimates made, but these sources are captured by gigantic monopolist associations. An approximate estimate of the capacity of markets is also made, and the associations "divide" them up amongst themselves by agreement. Skilled labour is monopolised, the best engineers are engaged; the means of transport are captured—railways in America, shipping companies in Europe and America. Capitalism in its imperialist stage leads directly to the most comprehensive socialisation of production; it, so to speak, drags the capitalists, against their will and consciousness, into some sort of a new social order, a transitional one from complete free competition to complete socialisation.

"Production becomes social, but appropriation remains private."[1]

Because international monopolies control nearly all aspects of the material production of particular types of output and of their marketing, and because they are able to forecast major aspects of their future development, they determine for varying periods of time the major spheres of investment, sources of raw materials, and the allocation of production capacities among various regions of the capitalist world. They do this to increase the competitiveness of their goods and to take advantage of those economic and socio-political factors that are particularly stable and favourable (this refers above all to possibilities for exploiting the working class and all workers) as well as to acquire positions of monopolistic rule over the greatest possible "economic territory".

An economic study published by progressive Brazilian economists has observed that "in initiating activities in underdeveloped countries capital has found exceptionally favourable conditions for accumulation. This is precisely why throughout a more or less prolonged period of stagna-

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 205.

tion and crisis capital has continued to lay seige to new regions that are either not yet integrated or else weakly integrated into the sphere of its domination. This provides it with a new prolonged period of expansion and euphoria that differs from the preceding trend".[1]

At the present time, when major disruptions of the world capitalist system are taking place international monopolies seek to extend and consolidate their positions at the expense of developing countries. Leaders of Western states are evaluating the economic, political and social importance of these countries for the capitalist world in a new perspective, as it were. They are forced to pay closer attention to ex-colonies and formerly dependent countries and to develop a neocolonialist policy that is adapted to the specific features that characterize the liberation struggle of the peoples of Asia, Africa, and Latin America.

Imperialist states have elaborated a comprehensive system of measures that include an active role for international monopolies in order to accelerate the development of a "dependent" capitalism of newly-free countries by integrating them more closely into the international capitalist system of division of labour.

The activities of multinational corporations represent one of the factors that influence the world capitalist economy's development. They make use of the process of the internationalization of economic activities and of exchange and the deepening of the international division of labour in the interests of international finance capital and at the same time they seek to regulate the mechanism of market capitalist relations in ways that contribute to the integration of developing countries into the world capitalist economic system.

The economic sphere is particularly important to imperialist powers, who largely rely on their policy of economic "assistance" and on the expansion of international monopolies within developing countries in order to carry out their neocolonial strategy.

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[1] *Multinationales et travailleurs au Brésil*, François Maspero, Paris, 1977, p. 59.

Objectively, however, such an intensified integration of developing countries into the international monopolies' orbit of exploitation serves to widen the struggle against them. It now includes both the peoples of newly-independent countries and the workers of developed capitalist countries.

CHAPTER II

THE WEST'S STATE-MONOPOLY REGULATION OF ECONOMIC RELATIONS WITH DEVELOPING COUNTRIES

1. The Representation of "Multinational Partnership" as a Form of Assistance

As a result of the intensification of the crisis of the world capitalist economy the system of state-monopoly regulation of external economic relations between industrially developed capitalist countries and developing countries is no longer able to function as earlier, that is by emphasizing policies of economic "assistance". The expansion of private monopoly capital is increasingly important not merely in serving the interest of its particular groups but in achieving strategic objectives in maintaining and consolidating the positions of capitalism as an overall system. It serves not only as a means of plundering the natural and material resourses of developing countries and boosted exploitation of their workers. In the view of a number of leaders of Western states and representatives of bourgeois science private monopoly capital also operates as a type of "integrating factor" whose mission is to provide for an "interdependent", "market-economic" linkage between imperialist states and developing countries.

Major monopolies are increasingly seeking to assume a role of leadership in the sphere of economic relations with developing countries, particularly since the interests of individual groups of monopoly capital do not always fully coincide with concrete forms of implementing the policy of "assistance" by bourgeois states to particular developing countries. This is partly because to some extent government interference limits the "special" interests of large monopolies, which would prefer, in view of their financial and industrial power, to operate independently,

without excessive supervision by inefficient state bureaucratic machines.

Political leaders in Western countries are openly recognizing the limited capacities of government resources for providing assistance, particularly at a time when major disruptions are taking place. They appeal to developing countries to make up for the missing external financial resources through investments, bank credits, and loans on the market for European currencies.

The trend towards a decline in the share of economic assistance provided by industrially developed capitalist states to developing countries is increasingly evident. In particular the share of assistance in the gross national product of member states of the OECD's Development Assistance Committee (which accounts for 96 per cent of the West's aid) declined from 0.53 per cent in 1967 to 0.31 per cent in 1977. This was ever more pronounced in individual countries. In the case of the United States, for example, the share of assistance in its gross national product fell from 0.62 per cent in 1962 to 0.22 per cent in 1977.[1]

In the report of the Development Assistance Committee for 1978 it is noted that "...developing countries have concluded that they have been penalised by defective world economic system that has ignored their economic needs".[2]

The most adverse effects have been experienced by the poorest countries of the former colonial periphery, i.e., by countries with the lowest level of economic development (whose GNP per capita is less than 250 dollars and even less than 100 dollars) as well as by a number of oil importing countries. The poorest developing countries receive slightly over one half of the West's government assistance.

A number of statesmen in developed capitalist countries recognize the inadequateness of that assistance as well as its ineffectiveness, noting that its form tends to oppose the vital interests of developing countries.

In particular many industrially developed capitalist countries employ their policy of assistance to impose the construction of an excessive number of projects that do

[1] *Coopération pour le développement 1978*, Paris, 1978, pp. 21-22.
[2] *Ibid.*, p. 13.

not meet the priority needs of their development and increase already existing tension produced by the insufficiency of national resources. The construction of such projects involves large subcontracts to foreign monopolies. This increases the already catastrophic deficits in national budgets and external debts and undermines programmes of national development. Capitalist donor countries pursue their own narrow objectives in utilizing the limited investment absorption capacity of particular countries and generally ignore the receiving countries' national interests and development plans.

Such a strategic emphasis on increasing private investments in developing countries and on a substantial replacement of state "assistance" by resources derived from the international capital market represents a specific response on the part of imperialism to the intensification of the crisis of the world capitalist economy and to the "disharmony" in the mechanics governing the economic relations of imperialism with developing countries, including the crisis experienced by the industrially developed capitalist countries' policy of economic "assistance".

Imperialism's attempts to overcome this crisis were unsuccessful. Already towards the end of the 1960s attempts were made to modernize the state-monopoly mechanism of economic "assistance" to developing countries in such a way as to take into account important changes taking place in world economic relations and the increased role of the developing countries. In earlier years Western programmes of government "assistance" operated in support of the expansion of private monopolies in developing countries and presumed that the system of unequal economic relations of the world capitalist economy that had existed for many decades would continue. The establishment of so-called new relations governing access to "economic assistance" in the 1970s recognized that developing countries no longer confine themselves to opposing individual foreign monopolies and are now seeking fundamental changes in the nature of the economic relations with industrially developed capitalist states.

In elaborating the principles that were to govern the "new relations" between industrially developed capitalist

states and developing countries, the West's political leaders, ideologists, and scientists had sought to make use of the developing countries' dependence on centres of imperialism, in the sphere of foreign trade and economic and technological development in order to integrate them into the world capitalist economy through capitalist market relations. In this connection representatives of private monopoly capital, bourgeois economic science, and government agencies responsible for carrying out policies of "assistance" have formulated a so-called new policy for economic "assistance" in the 1970s described as a policy of "partnership" or "dialogue" with developing countries. That policy illustrates the close linkages that exist between bourgeois states and private monopolies in their attempts to improve the operation of the state-monopoly mechanism for regulating economic relations between the West and developing countries.

In particular, the American policy of "assistance" to foreign states in the 1970s is based on recommendations prepared by a special group under the chairmanship of R. Peterson, the former president of the Bank of America, the USA's largest bank. It also included representatives of the largest US monopolies as well as prominent bourgeois economists and sociologists and illustrates the manner in which activities associated with state programmes of "assistance" by the USA are coordinated and integrated with the expansionist plans of US monopolies. It was envisaged that an organizational restructuring would take place of the basic mechanism of American "assistance". In particular it was envisaged that in the 1970s programmes of "assistance" carried out by the USA would place a major emphasis on private investments.

The policy of "partnership" is intended to serve two major objectives: on the one hand, to create the appearance that the West is concerned with the intensification of contradictions within the sphere of international economic relations with newly-independent countries and that it seeks to reduce them through a "partnership" and "dialogue" with developing countries; and at the same time to reduce the influence on capitalism's world economic relations of the newly-independent countries' economic cooperation

with the USSR, make an attempt to disconnect the economic relations of developing countries from the world socialist community, and impede the development of an international division of labour based on equality.

In thus adapting to new unfavourable conditions imperialism has sought to continue its old neocolonialist policy of "assistance" in a somewhat modernized form. Already by the middle of the 1970s, however, the inviable nature of the policy of "partnership" became apparent. On the whole, inviable nature of various conceptions of a policy of "assistance" to developing countries by capitalist states is increasingly recognized in the West. In particular, the author of a study entitled *A World Divided* observes that "aid could never have played the role which many thought it would".[1]

Nevertheless a growing number of Western economists and sociologists associate "new" conceptions of "assistance" with a growing expansion of international monopolies in developing countries. The Vice-President of the Rockefeller Foundation, K. W. Thompson, writes in a study entitled *Foreign Assistance: a View from the Private Sector*: "Now, with nationalism intensifying in many developing countries, the time may have passed when direct and visible leadership is possible—but once again a flexible response is both possible and necessary."[2]

During the first half of the 1970s the rate of growth of foreign investments of private monopolies exceeded the rate of growth of the gross national product of developing states by 3 to 4 times.[3]

In particular in the mid-1970s the annual volume of foreign investments in Latin America was nearly five times larger than in the early 1960s. But the quantitative growth of foreign private investments alone does not fully reflect

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[1] *A World Divided. The Less Developed Countries in the International Economy*, Ed. by G. K. Helleiner, Cambridge University Press, London, New York, Melbourne, 1976, p. 2.

[2] Kenneth W. Thompson, *Foreign Assistance: a View from the Private Sector*, University of Notre Dame Press, Notre Dame, London, 1972, p. 16.

[3] *The Year Book of World Affairs, 1974*, Stevens & Sons, London, 1974, p. 175.

the expansion of monopolies in newly-independent countries. For international monopolies rely on a diversity of methods to control not only the activities of individual enterprises but also of entire sectors of the national economies of developing countries.

By establishing various forms of control over leading enterprises and sectors of developing countries international monopolies have sought to adapt the industrialization of developing countries to their own interests. This had become more intense since the mid-1960s. It should be kept in mind that two-thirds of the West's government "development assistance" was channelled to the infrastructure and formed the material prerequisites for expansion of international monopolies.

Aside from increases in other forms of capital exports the direct investments of international monopolies also increased. It is characteristic that during the past ten years the annual allocations of imperialist states to developing countries for economic development have in fact declined (if one considers inflationary processes).

A number of changes have taken place in recent years in the programmes of economic "assistance" themselves. Some factors have made it necessary for a number of industrially developed capitalist countries to limit the volume of government allocations to "assistance". They include the greater intensity with which the law of uneven development operates; the sharpening of inter-imperialist rivalry for markets, sources of raw materials, and spheres of investments; periodic economic crises; and chronic deficits in ballances of payments. In addition to government funds exports of private monopoly capital to developing countries also came to be included into the category of "assistance". At the present time, government allocations are transferred along two channels; namely: a) government "development assistance"; b) other types of government allocations (the financing of particular sectors, the construction of particular projects, etc.). The conditions providing access to "assistance" along the second channel, moreover, are practically identical to those that govern commercial loans from international monopolies, except that such loans are financed by governments. The "commercialization" of imperialistic forms

The West's Development Assistance to

	1962	1963	1964	1965	1966	1967
Nominal volume of "assistance" (in billions of dollars)	5.4	5.8	6.0	5.9	6.0	6.5
Price deflator (1961=100)	101.4	102.4	109.4	105.0	109.0	110.4
Total "assistance" in 1961 prices (in billions of dollars)	5.4	5.6	5.4	5.6	5.5	5.9

* Estimated.

of "assistance" has become particularly evident in the 1970s when on a number of occasions even the Euro-dollar market was viewed by the OECD as a source of economic "assistance".

With regard to the volume of such type of "assistance" the corresponding trends are as follows: in 1965 countries entering into the OECD's Development Assistance Committee[1] have made available 5.9 billion dollars to developing countries under the heading of "State Assistance for Development Objectives", while the "Other Government Expenditures" were 234 million. During that same year the export of private monopoly capital to developing countries reached 3.9 billion dollars. In 1977 total "assistance" under the first of these headings was 14.6 billion dollars, and under the second—3.3 billion dollars. As for the sum of private monopoly capital exported to developing countries in the form of direct foreign investments, export credits and expenditures of a variety of private funds and organizations it reached 29.9 billion dollars.[2] Thus government "assistance" over the period under consideration increased by more than 2.4 times, the export of private capital increased by

[1] 96 per cent of all "assistance" provided by the West to developing countries is channelled through that Committee.

[2] *Coopération pour le développement*, Paris, 1978, p. 236.

Developing Countries in 1962-1976[1]

1968	1969	1970	1971	1972	1973	1974	1975	1976
6.3	6.6	6.8	7.1	7.9	8.6	11.3	13.5	13.6
113.6	115.3	120.1	129.1	141.7	180.2	...	...	210*
5.6	5.7	5.7	6.0	6.1	5.2	...	...	6.5*

more than 7 times, and "other government expenditures" by 14 times.

The emerging trend towards a "commercialization" of the West's government "assistance" reflects partly a striving to gain greater advantages by increasing the financial dependence of developing countries on industrially developed capitalist states and partly a striving to persuade the ruling circles of developing countries that commercial loans and private capital are preferable to government "assistance".[1]

Forecasts prepared by the United Nations Secretariat's Department of Economic and Social Affairs indicate that even if the overall volume of the West's nominal government "assistance" should increase by comparison with 1970 by approximately 2.5 times by the year 2000 (1980—30.7 billion dollars, 1990-44.9 billion dollars, 2000—59.6 billion dollars—in constant prices) the real "net" increment in that "assistance" can in fact increase slowly only until 1990 and will then begin to decline. It may well be supposed that such a reduction will largely take the form of a decline in "development assistance". According to forecasts

[1] *A World Divided. The Less Developed Countries in the International Economy*, Ed. By G. K. Helleiner, Cambridge University Press, Cambridge, London, New York, Melbourne, 1976, p. 3; *Coopération pour le développement*, Paris, 1976, p. 230; *Ibid.*, Paris, 1977, pp. 206-08.

the West's overall share in the volume of government "assistance" to developing countries may decline from 78 per cent to 53 per cent (1970-2000).

During that same period long-term private investments of industrially developed capitalist countries (in constant prices) are expected to increase from 5.2 billion dollars in 1970 to 119.7 billion dollars in 2000. While approximately 30 per cent of all private investments of industrially developed capitalist countries were channelled to countries of Asia, Africa, and Latin America at the beginning of the 1970s it is expected that by the year 2000 this share will be 40 per cent.[1]

It would appear that this forecast underestimates the future role and significance of private monopoly capital. In the 1970s private monopoly capital has sometimes exceeded government assistance in the financial resources channelled by industrially developed capitalist countries to developing countries by 1.5-3 times.

This is shown by the following data:

Government Assistance and Private Investments of Western Countries in Developing Countries
(millions of US dollars)

Years	Total	Government Assistance	Private Investments
		USA	
1956	3,236.3	2,006.0	1,230.3
1960	3,818.2	2,776.0	242.2
1965	533.2	3,417.7	1,859.0
1970	6,120.7	3,050.0	2,992.7
1975	17,530.0	4,007.0	12,439.0
1976	12,344.0	4,334.0	7,344.0
1977	11,910.0	4,159.0	6,159.0
		Great Britain	
1956	588.7	205.0	383.7
1960	880.8	407.0	473.8
1965	1,032.0	472.0	547.1

[1] *The Future of the World Economy. A Study on the Impact of Prospective Economic Issues and Policies on the International Development Strategy*, United Nations, New York, 1977, pp. 60, 61, 62.

(Continued)

Years	Total	Government Assistance	Private Investments
1970	1,227.6	446.9	774.2
1975	2,353.0	863.0	1,406.0
1976	2,407.7	834.8	1,494.5
1977	2,406.2	914.1	1,492.1
		France	
1956	1,124.1	647.0	477.1
1960	1,325.1	849.3	476.8
1965	1,299.4	752.2	514.2
1970	1,834.6	971.0	835.6
1975	3,942.0	2,091.0	1,517.0
1976	5,316.0	2,146.0	2,913.0
1977	5,211.6	2,266.8	2,770.8
		Federal Republic of Germany	
1956	417.0	142.0	275.0
1960	628.2	351.9	330.3
1965	734.6	455.9	263.6
1970	1,487.0	599.0	756.0
1975	4,862.0	1,689.0	3,264.0
1976	5,314.0	1,384.0	3,887.0
1977	5,753.6	1,386.0	4,081.6
		Japan	
1956	123.4	70.4	53.0
1960	246.1	143.5	102.6
1965	485.5	243.7	132.1
1970	1,824.0	458.0	672.3
1975	2,880.0	1,148.0	362.0
1976	4,003.0	1,105.0	1,564.0
1977	5,534.9	1,424.4	2,469.6

These figures reflect new qualitative elements as well. As state-monopoly capitalism continues to follow its strategy of exporting capital to developing countries it makes it possible for international monopolies to create a system of relations with developing countries in production, fi-

nance, trade, economy and research and development that not only yield profits from these countries and exploit their resources but transform them into centres of dependent capitalism within the non-socialist world. In the opinion of a number of Western specialists the export of capital by international monopolies constitutes an instrument for a gradual flexible and comprehensive penetration into developing countries in such a way that rather than simply paralyzing their struggle for economic independence and for reconstructing the system of international economic relations on the basis of democratic principles they can be silently transformed into world capitalism's future partners.[1]

Lenin stressed that following the onset of the monopoly stage of capitalism "the term imperialism acquires a new life and a new content".[2] That definition represents a methodological basis for analyzing the objectives and effective motives underlying the exportation of capital to developing countries by international monopolies. Following the abolition of the colonial system, of relations between metropolitan countries and colonies changes have taken place in the conditions under which peoples who have freed themselves from colonial rule continue to be exploited. The essence of imperialism's strategy in relation to former colonies and dependent countries, however, remains the same. State-monopoly capitalism has replaced colonial empires by other empires of major groups of international finance capital. While today imperialism is a monopoly capitalism without colonies it clearly possesses a capacity to maintain the former colonial periphery in the status of an exploited and dependent link of the world capitalist economy.

The economic policy of aid to developing countries that has been developed by Western powers for the 1980s serves these objectives. Even some of the leading statesmen of imperialist powers admit that this will differ little from the policy of "partnership" of the 1970s except for certain tactical elements.

First, it is being given a specific socio-political colouring. In the future the policy of assistance of industrially devel-

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[1] *Partners in Tomorrow*, New York, 1978.

[2] V. I. Lenin, *Collected Works*, Vol. 39, p. 608.

oped capitalist countries must be presented as if it is directed to meeting the "vital human needs" in developing countries. It may be asked why the West has been so late in remembering the hundreds of millions of the poor, hungry and unemployed in the former colonial periphery? At the present time, social and class processes that lead to the enrichment of elites and the impoverishment of wide masses of the population frighten the leaders of the capitalist world. Revolutionary perturbations in individual regions of Asian, African and Latin American countries compel imperialist powers to increasingly manoeuvre. While on the one hand they seek to show that they are supposedly concerned with the fate of millions of persons in developing countries, they also seek to decline any responsibility for their disastrous situation and to shift it fully upon the governments of developing countries. At the same time Western powers have developed a coordinated programme of action in relation to developing countries. Its essential objective which is embellished by humanistic appeals to meet "vital human needs" and show concern for a growing "mutual interdependence" and "mutual responsibility" is to partly reduce the intensity of contradictions between developing countries and industrially developed capitalist countries.

The West has announced that the 1980s will be a "transition period" towards the establishment of a "new international economic order". Actual facts show that this period is needed to gain time and divert the attention of developing countries from the vital tasks of struggling against imperialism both at home and on an international scale. Imperialist powers seek to reduce these tasks to the solution of only such problems as the development of villages, problems of population, and the role of women in developing countries.

While each of these problems is unquestionably important for developing countries, they cannot be presented as alternatives to vital issues of the prospects of socio-economic development of countries that have become liberated from colonial rule.

While referring to altruistic demagogic appeals to meet "vital human needs", the West seeks to limit itself to "well-intentioned advice" as to how to raise the standard of living of the population and reduce inequality. At the same time

Direct Private Investments of Member-Countries
(in millions

	Annual average 1956-1964	1967	1968	1969
Direct private investments	2,200	2,105	3,043	2,910

attempts are made to create a variety of supranational "institutions" that would define the "development priorities" of independent states. In the opinion of some Western statesmen, these bodies could implement regional projects for "overcoming backwardness", as for example, in African countries ("a Marshall Plan for Africa") as well as plans for creating mutually advantageous or profitable multinational markets and regional development of infrastructures.

Once again proposals for initiating a new dialogue between "the North ans South" are made that would determine specific ways for increasing the West's "assistance" in meeting "vital human needs".

In commenting on the West's policy of assistance for the 1980s the authors of the Report of the Development Assistance Committee for 1978 repeatedly refer to the Marshall Plan. Behind the appeals that are made to meet "man's vital needs" a new "Marshall Plan" for developing countries appears to be in the making whose objective is to introduce and develop capitalist institutions in those countries through a reliance on international monopolies. This will increase even more the class and property differentiation within these societies.

In such a context a definite interest attaches to a structural analysis of the exportation of capital by international monopolies into developing countries. On the one hand multinational corporations seek to adapt to processes governing the development of local capital. On the other, it is necessary to consider the merging of private monopoly capital with the state-monopoly capital that circulates within the sphere of activity of such organizations as the International Bank for Reconstruction and Development and the International Monetary Fund.

of the Development Assistance Committee in Developing Countries
of US dollars)[1]

1970	1971	1972	1973	1974	1975	1976	1977
3,543	3,632	4,474	6,711	6,060	10,199	7,592	8,791

First of all we shall analyse the export of private monopoly capital in the form of direct investments.

Above all these data reflect the quantitative growth of direct investments by monopolies in developing countries. They also show that during the last decade the share of the total direct investments of major groups of international monopolies received by developing countries has increased. That process has been uneven, however, for individual regions and countries exporting capital.

Between 1968 and 1976 the share of total American direct investments received by developing countries declined from

Direct Investments of Monopolies of Major Capitalist Countries in Developing Countries by Regions[2]
(per cent of total volume of such investments)

Countries exporting capital	Developing Countries							
	South and Central America		Asia		Africa		Middle East	
	1968-1972	1973-1976	1968-1976	1973-1976	1963-1972	1973-1976	1968-1972	1973-1976
USA	13.6	15.9	9.2	7.4	5.3	1.5	1.0	2.6
Japan	11.5	18.3	16.5	32.3	2.4	5.0	6.9	5.2
FRG	12.8	13.7	3.8*	5.2*	7.4	5.1	—	—
Great Britain**	2.5	5.6	8.4	4.9	18.5	16.0	—	0.1

* Including Asia and the Middle East.
** Excluding oil extraction.

[1] *Coopération pour le développement*, Paris, 1976, p. 249; 1977, p. 228; 1978, p. 236.
[2] *Problèmes économiques*, November 29, 1978, p. 20.

29.1 per cent to 27.4 per cent. In the case of the Federal Republic of Germany that share remained 24 per cent, although there occurred a shift in West German direct investments from African countries to Latin American and Asian countries. Japanese monopolies increased their direct investments from 37.3 per cent to 60.8 per cent, i.e., by more than 50 per cent, while British direct investments in developing countries declined from 29.4 per cent to 26.6 per cent.

These figures partly reflect the tactics followed by individual groups of international monopolies over nearly a decade. During that period the USA and Great Britain have placed an increasing emphasis on portfolio investments and on providing export credits and other loans, while West German and especially Japanese monopolies have sought to establish themselves in developing countries through direct investments.

Towards the end of the 1970s the total volume of direct investments of international monopolies in independent national states was approximately 90 billion dollars. In seeking to retain control over their natural and economic resources, however, and to acquire controlling positions within their economies so as to adapt the entire process of development to their own interests on a modern technological basis international monopolies tend to rely on other means besides direct investments.

Following the world economic crisis of 1974-1975, the volume of private commercial credit made available by industrially developed capitalist states to developing countries increased substantially by comparison with direct and portfolio investments. In this connection two trends should be noted. First, there has occurred a revival, as it were, of earlier characteristic features of certain national forms of imperialism. In his works Lenin described French imperialism as an imperialism based on usury. (Between 1973 and 1977 alone the volume of French commercial credit increased from 3.2 billion to 18 billion francs.)[1] Second, usury has become a characteristic trait that partly describes the overall system of relations between imperialism and developing countries.

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[1] *Le monde diplomatique*, November 1978, p. 11.

In the present situation the corresponding activities of imperialism possess two characteristic features: on the one hand the role of the bourgeois state increases sharply. It usually guarantees all credits of private banks made available to developing countries. At the same time, international banking monopolies make use of the foreign currency reserves of a number of developing countries, and particularly of petroleum producing countries, in order to lend them at high rates of interest to developing countries seeking credit on international currency markets.

The Growing Share of Private Monopoly Loan Capital in the Total Investments of International Monopolies in Developing Countries (in millions of dollars)[1]

Type of investment	1966-1968 average	1970	1975	1976	1977
Direct investments	2,437	3,689	10,493	7,823	8,791
Bilateral portfolio investments	709	696	5,238	6,072	10,453
Multilateral portfolio investments	470	474	2,552	3,096	2,642
Export credits	1,242	2,141	4,141	5,423	8,100
Bank credits	...	...	...	...	10,768

It may be seen from this table that in 1977 the sum of private monopoly export and bank credit was 18.8 billion dollars, while Western bilateral aid was 14.6 billion dollars.

Bank credits exceeded other types of private monopoly investments in that year, including export credits. These credits, including the financial resources of oil producing countries made available to developing countries through international banking monopolies, increased from 5.9 billion dollars in 1973 to 13.6 billion dollars in 1976.[2]

The yearly Report of the OECD's Development Assistance Committee for 1978 notes that it is important that "growing commercial investments be accompanied by an expansion

[1] *Coopération pour le développement*, Paris, 1978, p. 236.
[2] *Ibid.*, p. 25.

in aid programmes that accord priority to the financing of investments in food products and the infrastructures of countries possessing low incomes. Such programmes would seek to encourage long-term investments in the Third World whose very nature would encourage the structural transformations that are of interest to both developing and developed countries".[1] This refers to the encouragement of market capitalist relations between centres of imperialism and the former colonial periphery.

The composition of external investments has changed in many developing countries. In particular in countries that are dependent on international monopolies up to 80 per cent of foreign investments are met from international bank credit rather than through direct investments.

The activities of a relatively small group of borrowing countries (approximately 20), on the world capitalist market for securities is creating a situation in which their financial dependence on international monopolies will continue to grow, particularly in the early and mid-1980s, when the principal payments on credits received in the late 1970s will begin to be made (the terms on which private banks provide these loans are extremely unfavourable: interests rates of 10-12 per cent a year on loans to be repaid in 2-3 years).

Operations on the international market for loan capital provide international monopolies with hidden opportunities for establishing their dominance over developing countries. They permit them not only to control individual economic sectors and spheres but the overall process of financing national development programmes as well. These activities of international monopolies are especially difficult to control and constrain.

The growing role of commercial credit and the general commercialization of the West's economic aid indicate that imperialism is relying on market capitalist relations in intensifying efforts to integrate developing countries into the world capitalist economy.

At the same time international finance capital tends to merge increasingly with the financial bodies of international

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[1] *Coopération pour le développement*, pp. 26-27.

state-monopoly capitalism. At a time when the monetary and financial relations of world capitalism are faced with troubles a trend towards a merging and joint activities of private monopoly international financial associations and intergovernmental bodies will continue to increase.

In describing the activities of the International Monetary Fund the London *Financial Times*, (May 31, 1978) observed that "many developing countries see the problems quite differently. They argue that the Fund's first, and often overriding, preoccupation is not with the health of any one country but with the stability of the international monetary system. They resent what they believe to be ever closer links between the Fund and private banks".

Keeping in mind the striving of developing countries to quickly increase their productive forces international monopolies carry out individual projects or orders from these countries more rapidly than do the West's programmes of "assistance". "At certain stages in development, pump priming is not enough. At this moment, the private body can hope that its experience may be of some value to others, but the context of public assistance may set limits to any such transfer of knowledge."[1]

While quite a few bourgeois ideologists criticize the failure and miscalculations of the West's policy of "assistance" they also seek to persuade leading officials of developing countries of the ability of international monopolies to replace the West's government economic "assistance". The American economist J. K. Galbraith has expressed the view that "the developed world has largely left dealings with the Third World in the hands of the multinationals".[2]

Other Western economists and sociologists advertise the advantages of foreign monopoly investments. In their view they not only serve as bearers of technological progress but open new possibilities in the sphere of international trade, contribute to the development of countries, and encourage the formation of local capital.

At a time when the struggle of newly-independent countries for a new international economic order is becoming

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[1] Kenneth W. Thompson, *op. cit.*, p. 16.

[2] Cited in: Louis Turner, *Multinational Companies and the Third World*, Penguin Books, London, 1973, p. 68.

more intense Western powers are seeking to manoeuvre. By granting minor concessions they wish to reduce its anti-imperialist emphasis, and instead of genuinely democratic relations based on equality and justice that could contribute to a more rapid social and economic development of newly-independent countries they propose a system of "interdependence" between industrially developed countries of the North and countries in the South that are wealthy in energy resources and raw materials.

A number of Western economists view international private monopoly capital as the "integrating" factor that can contribute to a continuation of the existing system of capitalist exploitation in situations that have become unfavourable. For example, the American economists R. Keohane and J. Nye view that capital as the force that is destined to resolve the problems of less developed countries because it possesses "large resources and great mobility although without significant quantities of the ultima ratio force".[1]

In short, a definite shift in the system of state-monopoly regulation of economic relations of developed capitalist countries with developing countries has taken place in the 1970s, as the inflow of private monopoly capital to developing countries increased substantially, especially in the form of direct investments. Particular significance is attributed to the role of private monopoly capital, which is largely represented by international monopolies, in actively involving developing countries into world economic relations. This is viewed as one of the decisive factors in consolidating these countries' position within the orbit of the world capitalist economy. Imperialist states view private monopoly capital as one of the developing countries' main "partners", that is presumed to be able to design their development strategies and provide assistance in implementing them.

The report of the OECD's Development Assistance Committee for 1975 states: "The role of private direct investments must be given a higher priority if developing countries wish to reach the objectives that they have set for themselves, namely, to accelerate technology transfers and struc-

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[1] R. O. Keohane, J. S. Nye, *World Politics and International Economic System* (*The Future of the International Economic Order: An Agenda for Research*), Lexington Books, Mass., 1973, p. 141.

tural reforms contributing to the industrialization of their economies".[1]

In describing the West's external economic strategy in relation to developing countries in the 1970s the American author R. Scheer observes: "...Third World countries have been forced to scramble for such investment by the multinationals because of the refusal of the developed countries to provide them with serious amounts of capital on a government-to-government loan basis. By starving them for official low-interest capital, they force a dependence upon the multinationals."[2]

At a time when the international monopolies' external economic expansion is facing increasingly difficult conditions some bourgeois economists assert that they will be able to adapt to them. In particular, the English economist L. Turner, who has already been cited, writes: "The multinationals themselves will survive by adapting to the changing international environment".[3] International monopolies frequently rely on camouflaged forms of penetration into developing countries, that for a variety of reasons are less accessible to imperialist governments, whose policy of "assistance" is meeting with increasing criticism by developing countries.

It is also important to recognize that attitudes towards foreign investments vary in developing countries. Particularly since some of the major political leaders in Asian, African, and Latin American countries who have become disenchanted with the outcome of Western economic "assistance" in the form of government aid believe that their access to large material and financial resources, technological and managerial experience, and to achievements in science and technology permits leading foreign monopolies to contribute to the development of productive forces in their countries in return for specified profits.

In exporting capital to developing countries international monopolies have never been guided by the urgency of the needs for their services. For them a major consideration is

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[1] *Coopération pour le développement*, Paris, 1975, p. 35.

[2] Robert Scheer, *America After Nixon. The Age of the Multinationals*, McGraw-Hill Book Company, New York, 1974, p. 182.

[3] Louis Turner, *op. cit.*, p. 271.

maximum profits and attaining the objectives of their "global" strategy.

For their part the leaders of developing countries are increasingly aware that private monopoly capital is attracted to these countries by its search for cheap labour power, rich sources of raw materials and of fuel, and large "economic" areas for which the need is becoming increasingly felt as a result of the greater intensity of inter-imperialist rivalry and competition among various monopoly groups as well as because of the growing problem of environmental pollution.

In developing countries the state represents the decisive force that is able to oppose the pressures of foreign monopoly capital. Its active role in economic life expresses itself in many fields, but especially in the developing and execution of plans of national economic development, in mobilizing internal resources, in specifying conditions for receiving external financial resources, and in the utilization of both internal and external sources of accumulation.

The state economic activities in developing countries take place in the context of multistructural economies, intensified differentiation among classes and a further intensification of activities of progressive national forces that insist on the adoption of effective measures of control over international monopolies and channelling their capital and experience in production and technological operations strictly in accordance with economic agreements that preclude any interference into these countries' internal affairs.

This results in a sharp struggle among various classes and social groups in developing countries with regard to the formulation of a firm position in relation to foreign investments and the activities of commercial, financial and other monopoly associations. In a number of countries the ruling circles are under the illusion that an "open doors" policy in relation to foreign monopolies may bring more advantages than harm.

The West proposes that international monopolies be invited by developing countries as one of the major partners in such "cooperation". Some government officials of industrially developed capitalist countries have sought to convince leaders of developing countries that private investments constitute the major factor in developing the world economy.

In this connection they refer to the concept of so-called mutual losses which served to warn the ruling circles of developing countries against adopting rigid policies towards international monopolies, for they would then deprive themselves of "one of the most important vehicles for transferring capital, technology, and management skills...". At the same time such countries as for example the USA "are deprived of the overseas markets, investment income, and the new ideas and techniques which come with foreign contact".[1]

Private monopoly capital is thus seeking to rely on market mechanisms in developing new channels of indirect influence over the major socio-economic processes that are occurring in developing countries as well as their own position in the world capitalist economy and the nature of the international division of labour.

2. The Influence of Different Groups of International Monopolies on the International Division of Labour

The deep contradictions that are taking place within the world capitalist economy have been reflected in the contradictory nature of the process of international monopoly formation. On the one hand we find a growing process of socialization of productive forces, which is stimulated by the revolution in science and technology, while on the other, there is a concentration of the economic power of world capitalism in its major centres in North America, Western Europe and Japan.

The concentration of production and capital within the world capitalist economy, which has led to the creation of the system of international finance capital, has intensified the mutual exchange of capital among industrially developed countries. This illustrates the prevailing tendency of capitalism to develop "in greater depth". That tendency has accentuated further the economic and technological gap between the advanced capitalist and the developing countries.

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[1] *The Department of State Bulletin*, Vol. LXXIV, No. 1907, January 12, 1976, p. 43.

The revolution in science and technology has served to intensify the competitive struggle among imperialist states. It has intensified the uneven character of their economic development and has strengthened their striving to channel to their own self-seeking interests the system of economic exploitation of former colonies, semi-colonies and dependent countries that has been inherited from the age of colonial rule. The preservation of that system has raised the prospect that imperialism might be able to make use of the outcomes of progress in science and technology in such a way that all the financial, material and human resources, as well as achievements of the capitalist world in science and technology, could be placed at the exclusive service of a small group of so-called civilized countries within a relatively short historical period of time.

Imperialist states make wide use of the position of international monopolies within the network of world economic relations and of their possibilities for adapting and utilizing current achievements in science and technology, managerial experience, and the system of personnel training.

The internationalization of productive forces, which is amplified by scientific and technical progress, causes imperialist states and monopoly capital to view the problem of developing countries in a somewhat different way. Their former role as simply agrarian and raw material appendages, their economic backwardness, and the limitations of their domestic markets now appear as obstacles to their "economic assimilation", i.e., to the widening of the boundaries of exploitation of developing countries by international monopolies.

In present conditions imperialism no longer hinders, as it did earlier, the industrial development of developing countries. Instead with the help of international monopolies it seeks to bring that process under control and to channel it in such a way that centres of imperialism may continue to hold controlling positions within the world capitalist economy.

By hindering the internationalization of productive forces through their reliance on private monopolistic property international monopolies objectively contribute to the development of productive forces. As a result changes

occur in the international division of labour and its internationalization and socialization reach the limits that are possible under capitalism, and material prerequisites are created for a worldwide socialization of production. At the same time international corporations pursue their own selfish objectives in influencing the international division of labour. They act in opposition not only to independent national states but also to the social needs of the system of international economic relations, which insistently call for a transition to a genuine socialization and internationalization of production based on corresponding structure of economic relations free from exploitation and oppression.

The increasing technological gap between the two groups of countries that form the world capitalist economy, together with the economic and cultural backwardness that developing countries have inherited from colonialism have somewhat impeded the expansion of international monopolies during the initial years following their independence. This is especially true of monopolies that have specialized in technologically advanced sectors of production. (The impediments refer to such factors as the limited capacity of national markets, the underdeveloped state of infrastructures, the low level of development of local capitalism, and nearly complete illiteracy among workers.)

But the economic growth of developing countries during the first two decades after they won their independence has created an economic basis for expansion, even though this has proceeded very unevenly within a framework characterized by complex shifts in class and social relations. Until recently, moreover, a number of developing countries have made use of so-called old traditional relations in seeking to attract capital and up-to-date technology from the countries that had formerly ruled them. As Professor D. Germidis (OECD's Institute for Studies of Economic and Social Development) observes, they have sought "to pursue an individualistic and isolationist policy with regard to technology transfers which has led to a further development of the corresponding forms and methods employed by multinational corporations".[1]

[1] *Revue Tiers-Monde*, Vol. XVII, No. 65, Paris. 1976, p. 100.

International monopolies have taken advantage of this in order to improve their competitive position and to initiate an intensive "dumping" of obsolete equipment and technology in developing countries. In recent decades international monopolies have been investing their capital in developing countries on a growing scale, particularly in petroleum producing countries and in countries where capitalism of the dependent neocolonialist type is developing rapidly (for example, Brazil, Taiwan and others). An international division of labour is emerging under the influence of these monopolies under which dependent capitalist countries are not only subjected to a "dumping" of obsolete equipment and technology, but in which labour-intensive types of production and production processes that are environmentally destructive are relocated in such countries.

International monopolies differ from each other not only with regard to the volume of capital that they command and their weight within the world capitalist economy. They also differ with regard to concrete historical forms that they have assumed in the course of their development within particular centres of imperialism. Their head offices may be registered in different countries, and the geographic areas in which their activities are concentrated may differ, as may the methods of expansion on which they rely. But at the present time the methods and forms of capital expansion are becoming cosmopolitan, and a certain similarity is developing in the forms in which it penetrates developing countries, independently of the national origins of the monopoly in question. This is attributable to a new general context in which the internationalization of capital has reached an advanced state of development, a mutual interweaving of capitals of different monopoly groups is taking place, and above all, internationalized capital itself is becoming increasingly "global".

The large international monopolies of the USA were first to adapt to changing conditions in developing countries and in capitalist world as a whole. They made use of their technical superiority within the capitalist world and expressed few reservations in establishing branch enterprises in processing industries, first in Latin American countries, then in Asia and Africa. The volume of investments that they

channel to those countries has been growing since the mid-1960s.

Data for 1977 indicate that there were more than 2,540 branches of US monopolies in developing countries at that time. A characteristic feature of their expansion is the prevalence of direct investments. Altogether direct investments of the USA in countries of Asia, Africa, and Latin America increased from 13.8 billion dollars in 1966 to 33.7 billion dollars in 1977.[1]

While during the past fifteen or twenty years US monopolies have persistently sought to acquire key positions in developing countries in order to gain access to new markets, sources of raw materials, and energy resources the wave of nationalization in the oil producing industries in the late 1960s has caused them to retreat and to consolidate their position at the stages of petroleum refining, transportation, and marketing. At the same time their penetration into other industrial branches in developing countries became more intense. In 1960 the sectoral structure of US private direct investments in these countries was as follows: 15.6 per cent in processing, 45.5 per cent in oil production, and 38.9 per cent in others. In 1977 the corresponding figures were 37 per cent, 9 per cent, and 54 per cent.[2]

The United States' direct investments in Latin American countries have grown especially rapidly. In 1977 they accounted for more than 70 per cent of total direct investments of US monopolies in developing countries.[3] In this connection that region's processing industries are acquiring an increasing importance.

It is interesting to note that already in 1970 investments of United States monopolies in countries of Latin America were almost equal in volume to investments in Great Britain where US corporations controlled three-fifths of the production of food, tobacco, oil-refining, metal-working, instrument-making and computer industries. In this connection in *America After Nixon. The Age of the Multinationals* R. Scheer observes: "This U.S. penetration of Latin America is not simply a reflection of historic relations but

[1] *Survey of Current Business*, August 1978, Vol. 58, No. 8, p. 24.
[2] *Ibid.*; *BIKI*, Supplement No. 10, 1978, p. 54.
[3] *Survey of Current Business*, August 1978, No. 8, p. 24.

Direct Investments of US Monopolies in the Processing Industries of Developing Countries[1]
(book value in million of US dollars)

Year	Latin America	Asia	Africa
1950	781	60	11
1965	2,945	676	55
1966	3,317	796	60*
1967	3,586	988	66*
1968	4,005	1,144	70
1969	4,347	1,378	80*
1970	4,621	1,524	100
1971	4,708	871	123
1972	5,265	964	124
1973	6,122	1,228	143
1975	7,985	1,653	231
1976	8,642	1,864	257

* Estimated.

rather suggests that that area is perceived as a key sphere of influence in the current plans of U. S. corporations and the government".[2]

Thirty per cent of the output of processing industries of Central American republics originate in branch plants of US international corporations. In 1966 from 3 to 4 per cent of the gross national product of Brazil and of Mexico was attributable to similar branch plants, while the corresponding figures for Venezuela and Panama were 18 and 13 per cent.[3] Except for Panama and Venezuela the rate of growth in the volume of sales of branches of international monopolies in all these countries between 1966 and 1970 has gone up far more rapidly than their GNP.

[1] Mira Wilkins, *The Maturing of Multinational Enterprise: American Business Abroad from 1914 to 1970*, Harvard University Press, Cambridge, Mass., 1974, p. 331; *Efforts et politiques d'aide au développement*, Paris, 1964, p. 121; *Coopération pour le développement*, Paris, 1972, p. 261; *Coopération pour le développement*, Paris 1977, p. 221, *Statistical Abstract of U.S.* 1973, p. 769; 1974, p. 781; 1975, p. 801; 1976, p. 828; 1977, p. 825; *BIKI*, Supplement No. 8, 1976, p. 92.

[2] R. Scheer, *op. cit.*, p. 99.

[3] *Survey of Current Business*, Vol. 57, No. 2, February 1977, p. 19.

A characteristic feature of international monopolies is the diversification of their output and their international specialization. This permits them to adapt to changing economic situations and to intense forms of competition.

"Distributed production", particularly in the form of specialization with regard to individual parts, imposes new forms of technological dependence of developing countries on major US international monopolies. Essentially the industrial enterprises that are being established operate as "enclaves" within the sectoral structure of their national economies and are governed by decisions of the head office.

The development of enterprises of this type reflects a striving to place the process of industrialization of developing countries under the control of monopolies without impeding it, as earlier, in highly visible ways, and to allow a certain growth in industrial development in the form of dependent types of capitalist production. It is characteristic that a substantial part of American programmes of economic "aid" was specifically designed to finance infrastructures in developing countries and so-called export-oriented enterprises, which are usually jointly created by foreign monopolies and local capital.

This type of industrialization is intended to transform former colonial and dependent countries from sources of agricultural products and raw materials into sources of industrial products and raw materials in which US monopolies locate enterprises that are not able to yield a maximum profit within the United States or else are highly destructive for the environment.

In recent years, particularly in connection with the nationalization of foreign property in developing countries, a substantial part of foreign branches of US international monopolies are no longer directly engaged in the extraction and local primary processing of raw materials. These branches do not participate directly in the activities of extraction industries, but control the supply of equipment, spare parts and technical and consulting services as well as marketing.

In the case of chemical industries US monopolies seek to locate types of production facilities that are technically simple. Frequently, they play an auxiliary role (they may

make various components for producing complex chemical products, reagents, dyes and detergents).

Much emphasis has been given to specialization in the production of component parts in such industries as automobiles, agricultural equipment, electrical equipment and electronics. Within the United States this results in the production of those products (equipment, machines) that are especially capital-intensive and require expensive equipment, the application of modern technology, and highly-skilled labour power. In developing countries, and especially in Latin American and Asian countries, monopolies in these economic sectors establish branches and individual production units specializing in labour-intensive parts, components of complex equipment and engaged in the assembly of radio and electronic equipment and household appliances that are mass produced by cheap labour power. Local workers, and especially women, are paid low wages for work that requires intense concentration. These are often one-twentieth of those that skilled workers receive in the United States.

Unlike the 1950s and the 1960s, when largely because of the political climate and the danger that their property would be expropriated, US monopolies were cautious with regard to investments in developing countries, since the second half of the 1960s, and particularly in the 1970s they have shown an increasing interest in profitable investments in these countries.

It is during those years that a wave of nationalization of foreign property took place, that the number of international associations of developing countries (such as OPEC) producing particular types of raw material and foods increased, and that the struggle of developing countries for establishing new types of international economic relations with industrially developed capitalist countries, based on equality and democratic principles, became more intense.

But at the same time there was a growth in the productive forces and a development of national economies in the overwhelming majority of developing countries as well as a desire to gain access to the achievements of modern production and technology.

In the past US monopolies were openly hostile to those developing countries that followed a socialist orientation in

their development. Similarly, the United States adopted a negative stand in relation to countries that nationalized the property of monopolies. During the last decade, however, important changes have taken place in this regard. A number of US monopolies now participate in the activities of state-owned petroleum extracting companies in accordance with corresponding agreements (Venezuela, Indonesia, Kuwait, among others), while some of them have entered into agreements with state agencies and economic organizations of countries that follow a socialist orientation (Algeria, Guinea, and others).

The political as well as the economic significance of developing countries for the USA continues to grow. In his foreign policy programme presented at the time of his assumption of office as President of the United States of America, James Carter accorded first priority to problems relating to the strengthening of relations among developed capitalist states, and then placed the need to cooperate with developing countries in a second position.

As the USA confront the problem of supplying its economy with fuel and energy resources, as well as mineral raw materials, it finds it necessary both to develop considerably extracting industries within its own country in the immediate future and to greatly expand the importation of fuels and mineral raw materials.[1]

A measure of importance of developing countries to plans of 160 major US corporations is conveyed by the data in the table that follows which was prepared in the early 1970s by the US Chamber of Commerce.

[1] The United States consumes approximately 30 per cent of the mineral raw materials extracted within the capitalist world. The 1960s and 1970s witnessed a marked disproportion between an increased rate of growth in consumption of raw materials within the country and its extraction and exploration activities. In 1975 the extraction of such minerals as bauxites met 15 per cent of the country's requirements, that of chrome 9 per cent, of tantalum—5 per cent, cobalt—2 per cent and manganese—1 per cent. Possibilities for extracting mineral raw materials are rapidly deteriorating because of the low ore content, of the increasing depth of mining activities, and of the inaccessibility of corresponding regions (for example, Alaska). During the second half of the 1970s (the data are for 1977) the USA depended on imports for 68 of 95 types of raw materials that are regarded as vital in a modern industrially developed country (*BIKI*, No. 13, March 31, 1978).

Motives for Foreign Investment of 160 Major US Firms, by Regions[1]
(in millions of US dollars)

Regions / Objectives	Western Europe		Canada		Latin America		Asia		Africa		All countries	
	Volume of investment	relative importance	Volume of investment	relative importance	Volume of investment	relative importance	Volume of investment	relative importance	Volume of investment	relative importance	Volume of investment	relative importance
Improvement of position on existing markets	687	1	419	1	491	1	414	1	109	1	2,120	1
Customs and trade barriers	486	2	303	2	368	2	319	2	68	2	1,544	2
Response to initiatives of competitors	316	3	178	3	255	3	220	5	57	3	1,026	3
Transport costs	307	4	170	4	183	4	220	4	45	6	925	4
Revenues from reduced production costs	242	6	104	6	179	5	245	3	47	5	817	5
Possibility of controlling sources of raw material	186	7	153	5	156	6	162	6	50	4	707	6
Compensation for poor quality of products	245	5	103	7	82	8	120	7	18	8	568	7
Tax advantages	152	8	91	8	151	7	117	8	34	7	545	8
Particularly favourable conditions for imports from the United States	53	9	37	9	48	9	52	9	5	9	195	9
Distribution of investments by regions at the beginning of the 1970s	2,674	1	1,558	4	1,913	2	1,869	3	433	5	8,447	—

[1] *United States Multinational Enterprise. Report on a Multinational Enterprise Survey* (*1960-1970*), Chamber of Commerce, Washington, 1971.

Except for the independent states of Asia, both the developing countries of other continents and industrially developed capitalist countries are viewed by US monopolies primarily in terms of their expansion in foreign trade. External markets, customs and trade conditions, and commercial competition form the three major factors that explain the overseas investments of 160 of 200 major US international corporations which already controlled 30 per cent of the total industrial output of the United States in the second half of the 1960s and 6 per cent of that of the countries of Western Europe.[1]

In this connection P. Boeker, Deputy Assistant Secretary for Economic and Business Affairs of the United States, stated early in 1977 that "the developing countries have become increasingly important participants in the structure of international cooperation we seek to foster". The share of developing countries in direct investment of US monopolies in 1976 was 25 per cent of their total investments, and their share in total US foreign trade in that year was 40 per cent (35 per cent of total US exports and 44 per cent of total US imports, of which 28 per cent constituted non-petroleum imports).[2] Exports of the United States to developing countries tripled between 1972 and 1976, and reached a level of 40 billion dollars, while imports increased from 14 billion dollars to 52 billion dollars.[3]

In the 1970s the growth of the US external trade with developing countries exceeded the corresponding rate for trade with industrially developed countries. A sharp increase in trade relations between the USA and developing countries took place that was attributable to a deepening of the international division of labour, an acceleration in the rate of progress in science and technology, and an increasing dependence of the USA on international sources of energy resources and raw materials.

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[1] R. Vernon, *Sovereignty at Bay. The Multinational Spread of the U.S. Enterprises*, Longman, London, 1971, pp. 13, 20.

[2] In 1977, the developing countries' share in the US exports was 36 per cent and imports—46 per cent, correspondingly. (*BIKI*, Supplement No. 10, 1978, p. 33).

[3] *The Department of State Bulletin*, Vol. LXXVI, No. 1967, March 7, 1977, p. 198.

At that time 60 per cent of overseas financial claims of the USA related to countries of Asia, Africa and Latin America. This figure is particularly interesting. For the interests of US finance capital in developing countries are not limited to direct investments of US monopolies, important though they may be. In recent years their volume of portfolio investments has greatly increased.[1] The US State Department envisages a plan for creating an international trust that would mobilize and channel private portfolio investments into the private sector of developing countries.

US international banking monopolies, which form the basis of international finance capital, have been particularly active in developing countries, where they operate through a network of rapidly evolving branches. The American economist R. Müller observes that the "Eurocurrency" market, international financial centres in New York, London, Paris, Zurich, Singapore, and Panama, the Bank of America, the First National City Bank of New York, and other so-called private multinational banks are playing a powerful role in the financial structures of the developing countries where in many instances they control up to 50 per cent of the countries' private deposits.[2] Leading US banks have greatly expanded their control over production, the sphere of services, consumer credit and insurance. In the field of production these financial centres of monopoly groups establish branch enterprises in developing countries. Increasingly, they turn their attention to long-term investment programmes and the development of policies relating to production, technology and marketing.

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[1] The term portfolio investments refers to the acquisition by United States monopolies of foreign stocks, bonds, and other long-term securities. These investments, moreover, are usually not associated with formal control over foreign enterprises in developing countries. Frequently the share of US corporations within the controlling block of so-called mixed enterprises ranges from 49 to 15 per cent. In such Latin American country as Peru, for example, a US corporation owning 15 per cent of the equity of a Peruvian corporation would be considered by the US government to have control, but the *Andean Commission* would consider the Peruvian firm to be a national firm. (B. I. Cohen, *Multinational Firms and Asian Exports*, Yale University Press, New Haven and London, 1975, p. 9.)

[2] *The New Sovereigns. Multinational Corporations as World Powers*, Prentice-Hall, Inc., Englewood Cliffs, New Jersey, 1975, p. 58

The number of branches of US international banks has been growing rapidly. While there were only 11 US banks engaged in overseas operations (in 181 offices) in 1964, there were 125 such banks in foreign countries in 1975 possessing 732 offices. Between 1955 and 1970 the number of branches of US banks in Latin American countries increased from 56 to 223, while in Far Eastern countries it increased from 20 to 79.[1]

In order to hide their activities in developing countries US banks often operate through local banks that they either own or control.

It is difficult to estimate the profits that are received by US international banks in developing countries and profits derived from loans on the "Eurocurrency" market, particularly since in terms of their financial power these banks surpass the largest industrial corporations (for example, the Bank of America's assets in 1976 were 73.9 billion dollars, while those of the capitalist world's leading industrial monopoly, Exxon, were 36.3 billion dollars).[2]

US industrial corporations derive enormous profits from their direct investments in Asian, African and Latin American countries. Between 1970 and 1977 they made additional investments to the sum of 14.6 billion dollars and received 46 billion dollars' profits or over 3 times more than they invested. In 1977 the total profit on US direct investments overseas was 19.8 billion dollars, out of which 7.7 billion or 40 per cent came from developing countries, though only 25 per cent of US investments are lodged there.[3]

But it is widely believed, even among American economists, that official data are in fact adjusted downwards. Aside from a diversity of financial and accounting manipulations intended to mislead, there exists a system of financial institutions designed to hide profits or else transfer them into "safe havens", such as the Bahama Islands, Panama, and Liechtenstein.

As a result of the current revolution in science and technology, growing profits are largely attributable to an increase in the mass of profits rather than to increases in their

[1] M. Wilkins, *op. cit.*, p. 394.
[2] *Fortune*, Vol. XCV, May 1977, p. 366.
[3] *Survey of Current Business*, Vol. 58, No. 8, August 1978, p. 25.

Comparison of Net Earnings of US Industrial Corporations from Foreign Investments in Developing Countries[1]

Profits	Years					
	1950	1957	1966	1974	1975	1976
Net earnings on foreign investments in developing countries (in billions of dollars)	0.99	2.15	3.02	13.3*	10.0*	14.0*
				23.3		
Total corporate profits before taxes (in billions of dollars)	42.6	47.2	84.2	141.4	114.5	148.0
Foreign earnings as a percentage of total profits	2.3	4.6	3.6	9.4*	8.7*	9.4*

* Estimated.

rate. The rate of profit on invested foreign capital is much higher in developing countries than in industrially developed capitalist countries, where less surplus value per unit of advanced capital is therefore created, even though a greater surplus value is derived by applying more advanced technologies and complex labour.

Marx observed that capital increases "not in proportion to the rate of profit, but in proportion to the impetus it already possesses".[2]

This is illustrated by the relative growth of direct capital investments of American international monopolies in industrially developed capitalist countries and developing countries.

These data (table, p. 83) are of some interest in comparing the volume of sales of foreign branches of US monopolies with

[1] B. I. Cohen, *The Question of Imperialism. The Political Economy of Dominance and Dependence*, McMillan, New York, 1973, p. 137; *Survey of Current Business*, March 1975, p. 8; ibid., February 1977, p. 6.

[2] Karl Marx, *Capital*, Vol. III, Progress Publishers, Moscow, 1971, p. 245.

Sales and Rates of Profit of Branches of US Corporations in Two Groups of Countries[1]

Years	Accumulated direct investments (bill. doll.)	Revenues from direct investments (bill. doll.)	Rate of profit (per cent)	Volume of sales of foreign branches (bill. doll.)	Accumulated direct investments (bill. doll.)	Revenues from direct investments (bill. doll.)	Rate of profit (per cent)	Volume of sales of foreign branches (bill. doll.)
	Developed capitalist countries				Developing countries			
1966	35.3	2.7	7.6	71.6	13.9	2.4	17.3	23.5
1970	51.8	4.6	8.9	116.2	19.2	2.9	15.1	35.1
1976	100.4	11.5	11.5	337.3	28.9	7.0	24.1	163.9

accumulated direct investments. In the case of industrially developed countries that proportion was 2 : 1 in 1966 and 3.3 : 1 in 1976, while for developing countries the corresponding figures were 1.7 : 1 and 5.4 : 1. A much lower volume of investment is thus needed to increase the volume of sales of branches of US monopolies in developing countries (the reinvestment of profits was 6.1 billion dollars in 1976 in the first group of countries, and 1.2 billion dollars in the second group of countries). Between 1966 and 1976 direct investments in the first group of countries increased by 2.8 times, and the volume of sales increased by 4 times, while in the second group of countries direct investments doubled as the volume of sales increased by more than 7 times.

But one should note the increasingly close dependence between the production and realization of surplus values in industrially developed capitalist countries and in developing countries. The enormous profits that are derived by US international corporations from investments in industrially developed capitalist countries are largely attributable to the fact that in their turn these countries receive monopoly profits from the exploitation of Asian, African, and Latin American countries. A considerable share of US profits received from other Western states in fact represents surplus value appropriated by Western European, Japanese, and

[1] *MEiMO*, No. 2, 1979, pp. 62-63.

Canadian monopolies from developing countries redistributed on the basis of the relative size of their capital.

In establishing "new" forms of international division of labour, US monopolies seek to represent them as a so-called interrelated partnership. They are aware of the growing dependence of the development of the US economy on supplies of energy resources and various types of raw material from developing countries.

During the 1970s the largest commercial banks in the United States, which are closely linked with industrial monopolies, stepped up their activities in developing countries. In 1976 the ten largest commercial banks possessed 338 branches, divisions and offices in Latin American countries alone.

In their credit operations in developing countries they emphasize loans at high rates of interest for the purchasing of machines and equipment produced in the United States intended primarily for use in processing industries as well as for increasing the extraction of minerals and producing raw materials whose subsequent importation the US monopolies seek to encourage. Inevitably such a policy accentuates still further the subordinate nature of the economic development of developing countries and their indebtedness to US banking monopolies.

US monopolies take account of the striving of developing countries to create national industries and obtain access to the modern achievements in science and technology and to the newest equipment and to facilitate the marketing of their output in industrially developed capitalist countries. They seek to encourage the establishment of subordinate types of production activities such as supply-oriented enterprises engaged in the production of component parts to US monopolies, or else enterprises that market their output in the United States or in developing countries under the control of the same monopolies. The adaptation of integrating processes to their own advantage is a common practice of US monopolies, particularly in countries of Latin America and Southeast Asia. "New" forms of international division of labour are employed to displace local firms, conquer national markets of individual countries and regions, and establish new forms of technological dependence.

Instead of technologies that meet the interests of independent economic development US international monopolies impose technologies that are carefully selected in such a way as to avoid the creation of competing economic sectors. It is primarily from such a point of view that US monopolies consider the transfers of particular technological processes, or else individual stages of such processes, to developing countries.

These selective tactics of US finance capital are reflected in the United States' policy of economic "aid". Official American representatives do not hide that dollars that are expended on "aid" must be returned and must produce a revenue.

The assertion of US sociology professor Peter Drucker that from the point of view of profits developing countries are not particularly attractive to international monopolies generally and US monopolies in particular, is thus inaccurate to say the least.[1] Rather than contradict the Marxist-Leninist theory of imperialism, as he seeks to suggest, the data that he cites to the effect that during last quarter century 75-85 per cent of all profits received by these monopolies came from investments in developed capitalist countries confirm it. For without a system of neocolonialist exploitation of former colonies there is no way in which international monopolies could obtain most of the profits that they received from industrially developed capitalist countries and double their capital over a period of 10-15 years, as was the case for 45 leading international corporations.[2]

The second half of the 1970s was marked by a further intensification of the crisis of neocolonialism, and state-monopoly capitalism sought to find a way out of that crisis by intensifying the exploitation of developing countries by international monopolies. In such a context not only did Western economic "aid", for example, establish the requisite condition by creating the necessary material and technical facilities (by constructing elements of infrastructure, carrying out pre-investment studies, and studies of the socio-political and investment "climate" in particular developing

[1] P. F. Drucker, "Multinationals and Developing Countries: Myths and Realities", *Foreign Affairs*, Vol. 53, No. 1, October 1974, pp. 121-22.

[2] *Ibid.*

countries), but also encouraged the development and consolidation of particular social and class elites in a number of countries. In return for access to what they view as modern scientific and technical knowledge and access to markets in industrially developed capitalist countries for the output of local enterprises, these elites are prepared to enter into an alliance with the international monopolies and to sacrifice both national sovereignty and economic autonomy.

At the present time the West's and especially the United States' policy of economic "aid" to developing countries is experiencing a deep crisis.[1] The overwhelming majority of leaders of developing countries are highly critical of the effectiveness of Western economic "aid". But it would be naive to assume that tens of billions of dollars have simply been wasted by the ruling circles of industrially developed capitalist countries. In the calculations of the captains of industry steering their ships in the troubled waters of the world capitalist economy, "aid" is viewed as an important instrument of external economic policy that calls for an increasingly differentiated application. When spokesmen for the Administration of the United States state that for "humane" reasons bilateral US "aid" must be concentrated in the poorest developing countries, they are least of all motivated by altruism. Rather it would appear that conditions in those countries are not yet sufficiently ripe for the expansion of international monopolies of the United States and that their creation requires government capital. Thus in the opinion of strategists concerned with the United States' policy of economic "aid" to developing countries, countries such as Brazil, Mexico, India, Taiwan, and Turkey, should be viewed in terms of the market relations that are natural for capitalism and of commercial relationships that will "link" their production, trade, and activities in science and technology to centres of imperialism on terms that will encourage the development of the dependent local capitalism sufficiently strong to dispense with "support" activities in the form of economic assistance.

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[1] R. Vernon, "Storm Over the Multinationals: Problems and Prospects", *Foreign Affairs*, Vol. 55, No. 2, January 1977.

When one views government and private monopoly investments together, the conditions through which the achievements of the revolution of science and technology have produced multibillion profits become more clearly apparent. These achievements, which are primarily applied in countries of industrially developed capitalism, have made it possible for branches of US corporations located in these countries to produce an output that exceeds one-fifth of the gross national product of the United States.

This also makes evident, however, the tendency of ruling circles in the United States to sharply reduce the volume of government "assistance", or at least to freeze it at existing levels under the pretext of its re-examination in such a way as to meet "basic human requirements" in the poorest developing countries. The so-called differentiated approach of the United States, i.e., a concentration of bilateral "assistance" (as much as 85 per cent) on a group of countries which are of the "greatest interest", in the words of J. Gilligan (who is head of the US Agency of International Development), from the point of view of international monopolies, means in fact an abdication of responsibility for one of our age's major problems, namely, overcoming the backwardness of developing countries.

These data (table, p. 88) show that the modest increase in multilateral "aid" that has taken place is attributable to the growing expansion of US international monopolies.

The second half of the 1970s is marked by a further adaptation of US international monopolies to the new situation that is developing in the world, and by attempts on their part to weaken the struggle of developing countries for a radical restructuring of international economic relations within the framework of the world capitalist economy. Relations between bourgeois states and private monopoly associations have become even closer in carrying out long-term programmes of expansion in developing countries. In such a context a leading role is played by relations in the field of production and in the specialization and cooperation of production as well as in a joint utilization of new technologies. These are the fields in which US monopolies occupy important positions within the world capitalist economy. The United States are currently seeking to utilize that factor

US Economic "Aid" to Developing Countries[1]
(in millions of dollars)

	1977 budget year	1978 budget year (estimated)	1979 budget year (requested)
Multilateral assistance	1,385	2,157	3,787
including:			
International financial organizations	1,141	1,926	3,505
International organizations and programmes	244	231	282
Bilateral assistance	2,879	3,505	3,505
including:			
Assistance in the area of defence	1,735	2,211	1,854
Special requests in the Middle East	23	8	(5)
Development assistance	1,121	1,286	1,651
Peace Corps	193	216	236
Assistance to emigrants and refugees	47	69	71

in order to initiate a wide invasion of developing countries by international corporations. That such an invasion has already begun may be seen from the following fact. During the single fiscal year 1975-76 the Agency for Foreign Investments (this is an American government corporation concerned with insuring private investments, primarily in developing countries) increased its net profit from 43.4 million dollars to 49.2 million dollars. At the same time government programmes of US economic "aid" to developing countries are placing an increasing emphasis on technical "assistance". Corresponding expenditures are already more than one-third of the total volume of funds made available for development assistance. In carrying out programmes of technical "assistance a major role is played by international monopolies.

On the other hand, at a time of further deterioration in the international monetary and financial crisis, of uncontroll-

[1] *The Department of State Bulletin*, Vol. 78, No. 2013, April 1978, p. 25.

able inflation and a continually deteriorating financial position of the overwhelming majority of developing countries, particularly those importing petroleum, developing countries turn increasingly to international financial organizations such as the International Monetary Fund and the International Bank for Reconstruction and Development.

A special role has been assigned to the International Bank for Reconstruction and Development and to other financial organizations not only because they serve the penetration by US international corporations into developing countries in many ways (in particular the IBRD makes use of its numerous staff, commissions and groups for carrying out pre-investment studies) but also because they establish direct linkages between private monopolies, and especially international monopolies, and the government agencies of Western countries responsible for implementing policies of economic "aid". (In particular, this is effected through the mechanism of the multilateral portfolio investments of monopolies which are closely associated with the financing operations of the IBRD, the IMF, and other international organizations.)[1]

In the 1970s the United States initiated an intense search for means to consolidate its external economic position in its struggle with other imperialist powers. Official statements indicate that the Administration of the United States assumes that in a context in which inter-imperialist struggles are increasing, the role of developing countries will continually grow.

While international corporations of the Federal Republic of Germany do not match their overseas rivals in terms of economic power, they do not lag in their efforts to penetrate developing countries. The economy of the Federal Republic of Germany is greatly dependent on the importation of fuel and raw materials from developing countries. Nevertheless a still greater role in its imports is played by machines, equip-

[1] *Coopération pour le développement*, Paris, 1972, p. 259. In recent years the "flexible" approach of international monopolies is reflected in the financial activities of the IBRD. According to a periodic survey by the Bank, in 1977 India received for the first time loans to develop deposits of petroleum and of natural gas on the continental shelf near Bombay. This activity is carried out by a state petroleum corporation.

ment, accessories and spare parts. The major part of the investments of West German monopolies are located in the countries of the Common Market and in the United States, where their branch enterprises and branch offices are located. Foreign investments are largely concentrated in the processing industries. The structure of the economy of the Federal Republic of Germany may be described as one that economizes materials and energy and is highly technology-intensive.

While the problem of supplying its economy with fuels and raw materials remains a major concern the problem of markets is acquiring an increasing role in the expansion of West German international monopolies. The Common Market's boundaries are no longer sufficient for their growing propensity to achieve the greatest possible profits. Beyond this they do not wish to lag behind US international corporations.

Since the mid-1950s West German monopolies have sought to establish themselves in developing countries of Africa, Latin America and Asia. In particular they have sought to displace their French rivals by relying on the Common Market's mechanism of economic "aid". Their position was influenced by the so-called Yaoundé conventions (I and II which were signed in the 1960s in the city of Yaoundé, in the Cameroon) which governed relations between the EEC and 18 associated members, namely, African countries that were former colonies of France and Belgium.

Following the signing of these conventions and the establishment of the corresponding European Development Fund West German monopolies became especially active in African countries south of the Sahara. It is characteristic, moreover, that in the 1960s West German share of state economic "assistance" to that Fund was approximately 34 per cent (this was also the share contributed by France). French monopolies gained 45.7 per cent of contracts from EDF in the early 1960s, while West German monopolies gained only 4.9 per cent. By the end of the 1960s, however, the situation had changed as the share of French monopolies declined to 39 per cent, while that of West German monopolies increased to 22.9 per cent.[1]

[1] *Aid Performance and Development Policies of Western Countries. Studies in US, UK, EEC and Dutch Programs*, Ed. by Bruce Dinwiddy Praeger Publishers, N.Y., Washington, London, 1973, p. 96.

West German monopolies are flexible in their use of policies of economic "assistance" to help establish themselves in developing countries. In this connection the West German government has been revising the terms on which economic "assistance" is provided to developing countries during the last 15 years, so that rates of interest, repayment schedules, and arrangements to postpone such repayments may serve as an indirect means in bargaining for advantages to West German monopolies. By the mid-1970s the Federal Republic of Germany provided economic "development assistance" on terms that were more advantageous than those of the United States and Japan, but less advantageous than France, Britain and Italy. Between 1965 and 1977, the nominal annual volume of West German economic "assistance" to developing countries increased from 461 million dollars to 1,386 million dollars. "Assistance" accounted 0.27 per cent of the value of the gross national product of the Federal Republic of Germany in 1977.[1] During that same period direct investments of West German monopolies in developing countries increased from 118.5 million dollars to 846.0 million dollars, i.e. by more than 7 times.

One-third of West German expenditures for "development assistance" represented contributions within the framework of multilateral "assistance" (such as the European Development Fund, and the International Development Association, which is a branch of the International Bank for Reconstruction and Development). Yet the tendency noted earlier towards a growing replacement of government economic "assistance" by private monopoly investments within the funds being channelled to developing countries is also reflected in the West Germany's external economic policy. The share of government "assistance" declined from 40 per cent to 26 per cent between 1970 and 1977, i.e. by 1.5 times. During that same period private monopoly investments increased from 678.2 million dollars to 4.081 million dollars, primarily in the form of portfolio investments and commercial credits.[2]

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[1] *Coopération pour le développement*, Paris, 1978, pp. 211, 229.
[2] *Ibid.*

The share of West German exports to developing countries was 23 per cent in 1977 while the share of exports covered by government "development assistance" was 6.2 per cent. Its net trade balance with developing countries in the same year was 2,830 billion dollars. This exceeded the government expenditures on "development assistance" by 1.4 billion dollars.[1]

The item listed as "other government expenditures" within West Germany's economic "assistance" to developing countries has greatly increased in recent years (although this growth has been uneven). This relates primarily to extending government credits on commercial terms.

The State Central Bank (Kreditanstalt für Wiederaufbau) provides export credits through operations with bonds issued by international financial institutions. These also include state credits at high interest rates for meeting financial debts.

Between 1956 and 1976 23.5 billion West German marks in economic "aid" were administered through the Bank. More than half (52 per cent) was channelled to Asian countries (such as India and Iran), nearly 24 per cent to African countries (especially to Egypt, Zaire, Liberia, and the Ivory Coast) and approximately 8 per cent to Latin American countries (Brazil and Argentina), in short to countries that are of interest to West German monopolies.[2]

The West German policy of economic "assistance" is marked by an increasing concentration in developing countries that are of particular interest for West German monopolies. Measures initiated in recent years have led to a reconsideration of programmes of economic "aid" so that they "be better integrated with a global policy of cooperation". In fact this refers to a better integration with the world economic policy of West German monopolies. In that connection a special government programme of action was adopted in 1975 listing 25 points. In 1977 the problem of West German "aid" to developing countries was discussed in Wiesbaden, at a convention of the ruling Social Democratic Party. At that time the West German journal

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[1] *Ibid.*
[2] *BIKI*, No. 153, December 24, 1977.

Der Spiegel wrote that "the Federal government seeks to turn to the principle of 'business for the sake of business' in order to develop business relations with both wealthy countries and developing countries that have already established their industries and ignore poor nations. West Germans are supplying to all countries that are able to buy anything that they may wish: nuclear power stations and automobile plants to Brazil, metallurgical complexes and nuclear power stations to Iran, and any desired industrial facilities to Nigeria which has just recently become wealthy".[1]

Officially the West German government refers to the need to provide economic "aid" to the poorest developing countries first, particularly to develop rural regions so that, as government documents state, this may help the most impoverished layers of the population. Such "humane" measures could only meet with approval if they were in fact operational. West German international monopolies frequently make use of such measures to "announce" their presence in such poor countries as India, Pakistan, and Chile (where the level of the annual national product per capita is less than 200 dollars) with a view to acquiring advantageous contracts for supplying them with modern equipment, establishing production and technical relations with local capitalist firms and gaining control over the existing and would-be markets and sources of raw materials.

In 1977 a little over one-fifth of West German government "aid" was allocated to the more developed developing countries.

Already today West German international monopolies are concentrating their investments and operations in countries in which capitalism is particularly developed. Eighteen per cent of the West German government's "development assistance" is concentrated in countries whose income per capita is less than 200 dollars, while the remaining 82 per cent are directed to countries possessing the highest level of per capita income, including 19 per cent in countries whose per capita income is more than 700 dollars.

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[1] *Der Spiegel*, No. 48, November 21, 1977, pp. 49, 59.

Technology transfers are becoming a major means permitting West German international monopolies to penetrate Asian, African, and Latin American countries, which they view as an important reserve in their struggle with their main rivals from the other Common Market countries, the United States and Japan.

While up to 70 per cent of the West German international monopolies' investments are directed to industrially developed capitalist countries their interest in developing countries has been increasing. The growing intensity of crisis phenomena in industrially developed capitalist countries and the aggravation of class contradictions in those countries as well as their growing dependence on supplies of energy and raw materials, and especially of petroleum, chrome, nickel and other minerals,[1] are causing a substantial relocation of these monopolies' branches to developing countries. A substantial share (as much as 20-40 per cent) of the output of such monopoly associations as Siemens, Rolley Werke, Agfa and Volkswagen is produced in developing countries.

The second half of the 1970s has been marked by an increased penetration by West German finance capital into developing countries. The government of the Federal Republic of Germany seeks to facilitate this process in all possible ways. In this respect the three leading West German commercial banks, namely, Deutsche Bank, Commerzbank and Dresdner Bank, have been particularly active. Deutsche Bank has acquired full control over Hamburg's European-Asian Bank, which possesses branches in Pakistan, Malaysia, Singapore, and Indonesia. In the spring of 1977, H. D. Genscher, the West German Minister of Foreign Affairs, visited the countries of Southeast Asia. He was accompanied by representatives of the largest West German banks and concerns. According to press reports, possibilities for a further expansion in the investments of West German monopolies in that region's countries were studied.

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[1] In Liberia West German capital, which is represented by such firms as A. Thyssen Hütte A. G., Fried. Krupp Hüttenwerke, Rheinische Stahlwerke, and Dortmund-Hörder Hüttenunion A. G., controls an iron ore complex whose capacity is more than 5 million tons of iron ore concentrates.

Hamburg's European-Asian or Overseas Bank represents the Deutsche Bank in Southeast Asia, where 70 per cent of all foreign investments of West German monopolies are already concentrated. Rolley Werke, which has been mentioned earlier, produces 50 per cent of its output in its enterprises located in Singapore. By 1980 it is expected that these will produce 70 per cent of its output.

Similarly Latin America has become a region that West German international finance capital has been actively penetrating. Between 15 and 18 per cent of all foreign investments of West German monopolies are concentrated there, and it is in that region that characteristic features of their expansion are particularly evident. This includes the use of modern technology and of the industrial and technological experience accumulated in Western Europe's developed countries. Because it possesses a considerable economic and technical potential, West German monopoly capital is not particularly worried by the possibility of competition from local capital. On the contrary, their concentrated and massive penetration lead the West German monopolies to contribute to the establishment of national monopolies, which they then widely employ in their struggle against North American corporations.

Brazil offers a vivid example of the way in which West German monopolies are establishing a "new" division of labour between industrially developed capitalist states and developing countries. There a transition has begun to the establishment of a national state-monopoly system of the dependent type.

In 1976 West German international monopolies controlled more than half of all private foreign investments in Brazil. In that same year 500 West German concerns and banks invested 6.2 billion West German marks into its economy. This was more than a fourth of the entire volume of government "assistance" to developing countries between 1956 and 1975 (each year these investments have been growing by 12 per cent or more). The West German concern Mannesmann has constructed a metallurgical complex for processing local ore with a complete cycle of production. It supplies metal to numerous branches of other West German monopolies, such as Daimler-Benz, Volkswagen, and Siem-

ens. The Brazilian branch of Volkswagen exports its output to 30 countries.[1]

Similarly Mexico and Argentina have become important regional bases for West German international monopolies in Latin America and India, Singapore and Malaysia—in Asia.

The Number of Enterprises and the Number of Employed Workers in Developing Countries in which West German Monopoly Capital Is Active[2]

Developing countries	Number of enterprises for the period 1961-1976	Enterprises that entered the orbit of West German capital only in 1975	
		Number of enterprises	Number of employed persons
Turkey	18	15	7,900
Mexico	63	50	22,433
Argentina	52	39	21,883
Brazil	267	176	177,798
Liberia	2	2	3,160
Iran	32	16	6,567
India	80	44	38,480
Indonesia	21	17	3,934
Singapore	14	4	5,748
Malaysia	15	13	4,229
Total	785	533	320,877

The concentration of these enterprises in such relatively developed countries of Asia and Latin America as India, Argentina and Brazil is itself suggestive. The year 1975, moreover, was marked by particularly intense activities in the expansion of West German international corporations in developing countries. While the overall number of enter-

[1] In 1976 the Brazilian branch of Volkswagen supplied approximately 528,000 automobiles to markets located not only in Latin America but in the Middle East, Portugal and Africa. In addition, with the help of over 100 branches and secondary firms that concern has been distributing a wide assortment of products in Brazil, ranging from canned goods to perfumes (*Stern*, December 22-28, 1977).

[2] *Problèmes économiques*, October 11, 1978, p. 23.

prises that are in some measure dependent on West German monopoly capital exceeded 780 over a period of 15 years, their number increased by 530 in 1975 alone. In addition there are relatively large concentrations of workers in enterprises located in Brazil, Liberia and Singapore: data for 1975 suggest that on the average there were more than 1,000 workers in each of the corresponding enterprises.

As they penetrate developing countries West German monopolies compete intensely with their major competitors, and above all with monopolies of the United States.

West German state-monopoly capitalism is pursuing a triple objective, namely, 1) to ensure the ability of West German firms to compete on world markets; 2) to provide the economy with continuous supplies of fuel and raw materials; and 3) to create the most favourable conditions for profitable investments in developing countries and for marketing the products of West German monopolies. In seeking to reduce production costs West German international monopolies dismantle their enterprises in a number of Western European countries, including the Federal Republic of Germany itself, and, according to *Stern*, "seek profit-producing oases in Asia and Africa". Referring to women workers in South Korea who work intensively for 1-2 marks per hour, the manager of a local branch of the Hoechst concern has stated that "these South Korean women can do anything". Similarly the manager of Schering, a pharmaceutical firm in Taiwan, considers Chinese women to be even more suitable: they receive only 200 marks per month, and strikes are strictly forbidden.[1]

Japan's participation in the international division of labour differs from the corresponding policies of the Federal Republic of Germany: raw materials make up nearly 80 per cent of its imports while machines and equipment make up only 8 per cent. Ninety per cant of Japanese exports relate to finished products, including ships, machines, equipment, household appliances, and automobiles. Having purchased more than 2,000 patents during the post-war period, Japanese monopolies have established large-scale production, and have displaced their competitors not only

[1] *Stern*, December 22-28, 1977.

on markets of developing countries but on markets of the United States and the Common Market (in 1976 the balance of trade of Japan with the Common Market countries attained a surplus of 8.7 billion dollars).

The Japanese economy's rigorously "vertical" export structure (a specific set of industries ranging from textiles to ship-building) has also determined the strategy of Japanese monopolies in developing "new" forms of international division of labour with developing countries.

The Japanese bourgeois government continues to rely on measures designed to stimulate the Japanese monopolies' foreign investments. This contributes to their rapid transformation into international monopolies.[1] The government assists the expansion of exports in many ways. It provides special privileges to the so-called large trading societies, which are in fact international foreign trade companies. Traditionally these companies have served as supporting structures for Japanese monopolies, the *zaibatsu*. But in the 1960s they became component elements of newly established financial groups of Japanese monopoly capital, such as Mitsui, Mitsubishi and Marubeni.

The volume of turnover of the ten largest Japanese international foreign trade corporations has attained the level of such US international monopolies as General Electric and International Business Machines. They possess 1,000 branches abroad, many of which are located in developing countries, especially in Southeast Asia. Referring to the Japanese international foreign trade corporations, D. Haber, a French researcher, has observed: "As a result of their integration with industrial groups, the strategy for Japan's multinational presence has become more flexible and more effective than is the strategy of other major nations, including the United States of America."[2]

These corporations serve not only Japanese but also foreign monopolies, particularly through so-called trilateral trade mechanisms.

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[1] In the early 1960s Japan adopted a law providing for a temporary exemption from taxes of Japanese companies' direct investments in developing countries.

[2] D. Haber, *L'empire du commerce levant*, Paris, 1974, p. 216.

In their competitive struggle against their American and Western European rivals Japanese monopolies do not always operate openly. Frequently they prefer more flexible tactics. They take into consideration, for example, the strong points and weaknesses of US international monopolies, which are primarily engaged in the exportation to developing countries of capital and technology rather than of finished goods.

In particular the United States division of the Japanese foreign trade monopoly Marubeni offers to find the most reliable way for conveying the products of American firms to world markets. For example it purchases in the United States equipment intended for Brazil. But knowing the financial position of that country and knowing that there are no dollar funds for paying for that equipment, Marubeni undertakes the sale of Brazilian coffee in Sweden and employ the resulting earnings of foreign exchange to pay for the exportation of US equipment to Brazil in return for a substantial commission.[1] Similarly monopolies of the United States, Canada, and Australia find it possible to export their agricultural commodities to Europe (for example, cotton, corn and soya) as well as wheat to Asia through Japanese international trade monopolies.

Japanese international foreign trade corporations provide a variety of economic "services" to developing countries as well. In particular, Marubeni plays a leading role in the world hemp market and owns plantations in the Philippines. It also markets Indonesian zinc and Taiwanese canned goods throughout the world.

Relying on such "trilateral" forms of trade and knowing that a number of countries such as Taiwan and Hong Kong (where wages are low) are able to import their textile products into the United States Japanese monopolies establish mixed textile enterprises in these countries under their own control, which process fibres purchased in Japan and then export the finished cloth into the United States.

Having encountered a growing opposition from the United States with respect to imports of Japanese commodities into countries o. Latin America and of the

[1] D. Haber, *op. cit.*, p. 212.

Pacific basin, Japanese monopolies have acquired control over a number of Australian firms that they employ to penetrate these countries. They also operate in a number of former French colonies in Africa as well as in the Middle East through the operations of Canadian firms that they control.[1]

Japan's international foreign trade corporations carefully study those conditions in developing countries that permit the establishment of particular industrial enterprises. They identify the most advantageous regions for their location, their prospects of development, production costs and exports possibilities. They establish the type of equipment required, possibilities for employing it, and the presence of locally trained skilled personnel. These monopolies design not only industrial projects but also infrastructure facilities and in some cases plans of overall economic development of individual countries.

Because they are in fact foreign trade divisions of Japanese financial groups, they operate in close contact with bourgeois governments in carrying out programmes of economic "aid" to developing countries, and especially of technical "assistance".

Japanese monopolies receive profitable contracts for constructing enterprises in Southeast Asian, African, and Latin American countries. Frequently, they acquire partial ownership of such enterprises, whose output they then employ to penetrate markets in other developing countries and in some cases in industrially developed capitalist countries as well.[2] D. Haber has noted the close relations that exist between Japanese monopolies and the Japanese government in carrying out expansionist strategies in international relations. A major objective of these activities is the supply of raw materials to Japanese monopolies and the finding of markets for their products in Southeast Asia, Latin America and Africa. "Large trading companies participate in that association in order to receive low-cost substantial financial resources, on the one hand, and also to influ-

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[1] *The African Review*, Vol. 5, No. 4, 1975, p. 404.

[2] In order to establish themselves firmly within the economies of developing countries Japanese monopolies sometimes agree to purchase a part of the output of such "mixed" enterprises.

ence government policy. In its turn the government makes use of large trading companies as an instrument of its overseas economic strategy, and in particular as the main instrument of its policy of economic assistance to developing countries."[1]

An agreement was signed between Japan and Indonesia towards the end of 1973 concerning the development of natural gas deposits on Eastern Kalimantan and Northern Sumatra. The oil crisis has forced Japan to seek new sources of energy. The Japanese government has lent Indonesia 1.5 billion dollars for the development of Indonesian natural gas deposits. In return the Indonesian firm Petromin undertook to supply to Japan 7.5 million tons of liquefied gas per year over a period of 23 years beginning in March 1977.

This was not, however, a standard type of contract. In arriving at the Japanese-Indonesian agreement to supply liquefied gas large Japanese monopolies inserted the condition that that gas should be sold at high prices on the world market. As first it seems surprising that a country importing a commodity insists that it be sold at a high price. But the answer becomes quickly apparent when it is known that Japanese monopolies have also added a clause that requires the Indonesian firm Petromin to give a secret discount on sales of liquefied gas directed to Japan from the official price.

Approximately 80 per cent of Japanese exports of technological equipment are controlled by ten major international corporations owning productive capacities abroad. In the early 1970s Mitsui owned 96 such enterprises, Mitsubishi 531, and Itoh—45. These were largely concentrated in Taiwan (36), Thailand (31), Brazil (21), Malaysia (20), Singapore (19), and Hong Kong (16).[2] These enterprises provide many opportunities for disregarding local limitations on Japanese exports into developing countries.

A feature of Japan's international trade corporations concerns their adherence to the Japanese practice of "two-level" economic activities, in which medium-sized and

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[1] D. Haber, *op. cit.*, p. 193.

[2] *The Multi-National Corporations in Africa*, Rex Collings, London, 1972, p. 9.

small firms depending on the "first-level" industrial giants receive a diversity of subcontracts.

The volume of investments of Japanese monopolies has been growing rapidly. It was 700 million dollars in the 1950s and the first half of the 1960s. Subsequently it grew rapidly, from 1.2 billion dollars in 1965-1968 to 4.5 billion dollars in 1972.[1] (In 1972, 27 per cent of these investments were channelled to the United States, 23 per cent to Asian countries, 19 per cent to Latin America, and 31 per cent to Western Europe, Africa, and the Middle East.)

Reports of the Bank of Japan indicate that in the countries of Southeast Asia alone the investments of Japanese monopolies have been increasing by 20-40 per cent each year. They were estimated at 10 billion dollars in the mid-1976, of which 50 per cent were invested in Indonesia.

The greater part of foreign capital is invested in the development of the region's natural resources. But it has already been noted that investments in processing industries have been increasing, especially in engineering, textiles, oil-refining, petrochemicals, and metal-processing industries.

Between 1966 and 1975 Japanese investments in countries of Southeast Asia increased by 11 times, and at the present time Japan is the largest investor in that region. The share of Japan in the foreign investments of these countries grew from 13.6 per cent in 1969 to 33.6 per cent in 1975, while that of the United States correspondingly declined from 38.5 per cent to 25.2 per cent. According to data for 1976 more than one half of 3.4 billion of direct investments of Japanese monopolies (1.2 billion) was channelled to Asian countries. Within that sum the share of portfolio investments, of investments in "mixed enterprises" and of export credits is substantial. According to data for 1974 of 2,396 million dollars of direct investments of Japanese monopolies in developing countries, 797 million were invested in extraction activities, primarily in fuel extraction activities, while 879 million dollars were invested in processing industries. Nearly two-thirds of these investments are concentrated in countries of Asia (31 per cent) and Latin America (29 per cent).

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[1] D. Haber, *op. cit.*, p. 192.

While during the initial period of penetration of Japanese international monopolies into developing countries (in the 1960s) a leading role was played by international foreign trade corporations, banking corporations have become more prominent in the 1970s.

By the middle of the 1970s Japanese banks were in third place in terms of the scale of their foreign networks, following US and British banks. More specifically, 21 banks possessed 100 offices in foreign countries, and the largest nine banks also possessed 22 branches and 98 offices.

In the opinion of Japan's Ministry of Finance the establishment of an external network of Japanese banks in industrially developed capitalist countries is now practically complete. In the next few years Japan will establish a new link within its international network, namely, bank offices in developing countries and especially in countries of Asia, North Africa and Latin America.

Here, too, Japanese finance capital relies on a diversity of forms and methods. Aside from foreign branches, offices and missions of the traditional type banking groups are established in which several Japanese banking monopolies and industrial and trade companies jointly participate, as well as banks partly relying on local capital and multinational financial institutions in which capital from the petroleum producing countries of the Arab East increasingly participate. Japanese monopolies actively seek to establish themselves in such petroleum producing countries as Iran and Saudi Arabia in order to receive profitable contracts, establish mixed enterprises with the help of these countries' large financial resources, and arrange for the supply of petroleum products to Japan on favourable terms. They are engaged in the construction of petrochemical enterprises in Iran and Saudi Arabia. It is expected that their output will be delivered to a number of African countries on whose markets they are successfully establishing themselves. At the same time Japan's Ministry of International Trade and Industry is studying the possibility of providing so-called untied financial "assistance" to these countries. It is expected that this "assistance" will in fact pay for a part of the future imports from Iran and Saudi Arabia, as well as for the increasing importation of commodities from Common Market

countries. This is intended to reduce anti-Japanese sentiment in the EEC.

Whenever Japanese monopolies encounter serious resistance from competing groups of finance capital (from other capitalist countries) they turn to a well-tried procedure: they operate under the names of banks of other developed or developing countries. In 1976, for example, the Bank Tokyo of California merged with one of America's largest commercial banks in California, the Southern California First National Bank of San-Diego, possessing a foreign network of 73 offices primarily in countries of Latin America.

The growing expansion of Japanese international monopolies is reflected in Japan's policy of economic "assistance" to developing countries and in its geographical distribution. Until the mid-1960s the volume of government "development assistance" made available to developing countries was quite modest (in the mid-1960s it was approximately 201 million dollars per year, by comparison with 403 million dollars for the Federal Republic of Germany, 743 million dollars for France and 3.3 billion dollars for the USA). At that time the Japanese government and monopolies merely gathered strength, as it were, in preparation for a subsequent leap in the direction of developing countries, and emphasized the gathering of information concerning relevant financial, material, political and social factors. In addition they continued to improve their technico-economic position in world economic relations by strengthening their own economic potential. In their search for sources of energy supplies, however (only 9 per cent of the country's energy requirements are met from internal sources), as well as of raw materials Japanese monopolies made wide use of programmes of economic assistance. Since the end of the 1960s, just before the emergence of the deepest postwar economic crisis that has shaken the foundations of the entire world capitalist system, Japan has greatly increased the volume of its government "assistance" to developing countries.

Between 1966 and 1968 the annual volume of investments of Japanese monopolies in developing countries was approximately 255 million dollars. In 1977 it rose to 2,470 million dollars. There are grounds for expecting that by the end of

the 1980s their total volume will exceed 100 billion dollars.

Still the share of such "assistance" in Japan's gross national product, despite its absolute growth, remained approximately constant between 1965 and 1977, namely, 0.22-0.21 per cent. More than one-third of Japanese government "development assistance" to developing countries consists of so-called commodity assistance (deliveries of chemical fertilizers, spare parts and equipment, chemicals, steel sheets, and transportation equipment). Monopolies receive contracts on favourable terms to carry it out.

The larger part (70 per cent) of the total volume of financial aid channelled from Japan to developing countries consists of private monopoly investments, primarily in the forms of direct portfolio investments as well as different types of private loans, credit, and transactions with securities of international financial institutions. Direct private investments have continued to grow steadily. Between 1976 and 1977 they grew by more than 1.8 billion dollars, while the sum of Japan's government "development assistance" to developing countries reached 2.5 billion dollars.[1]

Geographically Japan's government "development assistance" is concentrated largely in Southeast Asia, where its main recipient is Indonesia. Two-thirds of that "assistance" is channelled to countries whose national income is of the order of 200 dollars per capita, while the poorest countries receive only 14 per cent of such "assistance".

The influence on the position of developing countries within the capitalist international division of labour of such former major colonial powers as Britain and France is also appreciable.

Even though British and French monopoly capital has sought to diversify its investments in developing countries already in the 1960s (in Latin American countries in the case of Britain, and in the Middle East for France) the major interests of such financial groups as the Rothschild-Samuel-Oppenheimer in Britain and of the Bank de l'Indochine in France are concentrated in former colonies.

During the past two decades the increased penetration of Western Europe by US international monopolies has been

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[1] *Coopération pour le développement*, Paris, 1978, p. 230.

accompanied by an active penetration of Western European international firms into African countries. This includes such firms as Shell, Imperial Chemical, Unilever (Britain, Holland), Michelin, and Péchiney (France).[1]

There have also been definite shifts in the character of investments even of international monopolies that initially developed during the colonial period. In particular, United Africa Company (Britain), which at one time specialized in a commercial plunder of African peoples, invested 15 million pounds sterling in industrial enterprises in Nigeria between 1956 and 1961. As a result expenditures associated with the operation of these enterprises rose from 15 per cent to 47 per cent of total expenditures. The firm established a special office for its industrial construction and management activities in African countries. Of three planned construction projects one-third were already operating by 1970.[2]

According to United Nations data 1,692 firms were registered in Great Britain in the early 1970s possessing 7,116 subordinate enterprises abroad. The corresponding figures were 2,468 and 9,700 for the United States, 954 and 2,916 for the Federal Republic of Germany and 436 and 2,003 for France.

With regard to the number of its international monopolies Britain continues to hold the second position in the capitalist world, following the USA. But the overall role of British international monopolies within the capitalist world and particularly in developing countries is also determined by their economic, technical, and commercial as well as managerial capacities and the global scale of their operations. According to a reference publication of the *Times* entitled "One Thousand Leading Firms in Great Britain and Abroad in 1975-1976" and also to data collected by British trade union economists the country's leading 35 firms include British Petroleum, Royal Dutch Shell, Lonro, Imperial Chemical Industries, and Rio Tinto Zinc. (These belong to the 100 largest international corporations.)

Some of them derive from a third to a half of their profits

[1] One should also mention Fiat (Italy), Volkswagen (Federal Republic of Germany), Ciba (Switzerland), and Toyota (Japan).

[2] *The Multi-National Corporations in Africa*, p. 8.

from foreign operations, including activities in developing countries.

This is illustrated by the activities of British international monopolies in countries of Southeast Asia. Already during the colonial period British monopolies established classical "enclave" type sectors in extraction (petroleum and tin) and plantation activities. These sectors were primarily concerned with exporting their output and were not linked to other sectors within the corresponding national economies.

Western economists agree that since the countries of that region have achieved independence, the integration of "enclave sectors" into their national economies has largely remained superficial.

But while they continue to control such "enclave sectors" in Southeast Asia British international monopolies have been revising their policy relating to processing industries.

Following the example of the international monopolies of the USA, the Federal Republic of Germany and Japan they establish branch plants in these countries engaged in labour-intensive production processes and auxiliary operations. This represents a continuation of the exports-oriented policy of "enclaves" except that now it is primarily based on the exploitation of cheap labour power. Branches of British monopolies play the role of suppliers of parts and units to other branch enterprises located in other countries.

British monopolies also create local enterprises serving local markets that process imported raw materials and semi-processed goods. In particular British firms in Singapore import 80-90 per cent of the raw materials and semi-processed goods that they require for producing their final products.

British international monopolies recognize that the countries of Southeast Asia are taking advantage of commercial rivalries among major capitalist countries and seek to attract foreign capital for developing their own processing industries.

The output of processing industries (including production at enterprises controlled by British capital) has grown by more than 6 times between 1967 and 1976 in Malaysia, and by 8 times between 1960 and 1975 in Singapore.

The Flow of Financial Resources to Developing
(million

	1965	1970	1971
Government development assistance	472.0	446.9	561.8
Private investments	597.1	760.4	768.0
including:			
Direct investments of British monopolies	...	340.6	...

In such a situation British monopolies seek to acquire vast superprofits. In 1966 they invested 4.7 million pounds sterling in Malaysia, Singapore, Burma, and Thailand and withdrew 53.4 million pounds sterling in profits. In 1973 23.2 million pounds sterling were invested in these same countries while 74.2 million pounds sterling were withdrawn as profits.

Not only in Southeast Asia, but also in Latin America, Africa, and the Middle East, British international monopolies participate in the establishment of mixed companies. In the past this was viewed as an extreme step acceptable only under the threat of nationalization.

It is the opinion of Western specialists that the trend towards establishing mixed companies will continue. So-called transfer of technology and technical experience facilitates the penetration of developing countries by British firms which also protect themselves from the competition of local firms on external markets through contract clauses attaching to the sale of licences and of "know-how" that limit the developing countries' rights to export the resulting products.

This expansion of industrial monopoly capital is closely linked to an expansion of monopoly banking capital. Britain's international financial oligarchy coordinates its activities as it contributes to the government's policy of economic "development assistance".

The instability of the British economy has greatly encouraged the export of capital by British monopolies. In the

Countries Originating in England[1]
US dollars)

1972	1973	1974	1975	1976	1977
608.7	602.9	729.8	863.4	834.8	914.1
838.1	808.4	1,564.9	1,406.0	1,494.5	4,942.1
...	698.8	694.7	796.5	953.9	610.9

early 1970s this capital outflow was so pronounced that the government adopted special restraining measures (in particular in 1974). But these did not extend to the exportation of British capital to developing countries, and in the early 1970s the government published a so-called White Paper on encouraging investments in developing countries.

Its authors state that many developing countries, including African ones, benefit from British private investment because it brings "a general stimulus to local private enterprise".[2]

A number of British bourgeois economists, including economists from the Overseas Development Institute have endorsed the formulation of a "package" development policy that would integrate Great Britain's policy of "assistance" with private capitalist investments. Such a "package" policy is in fact being carried out. "Official development aid should only be diverted to the support of British private investment."[3]

During the first half of the 1970s the direct private investments of British international monopolies exceeded official "development assistance" to developing countries for the first time. The total export of British private monopoly capital during that period exceeded the volume of "assis-

[1] *Coopération pour le développement*, 1972, pp. 261, 263; 1976, pp. 227, 229, 248; 1978, pp. 234-35.

[2] *Aid Performance and Development Policies of Western Countries. Studies in US, UK, E.E.C., and Dutch Programs*, Ed. by Dinwiddy, Praeger Publishers, New York, Washington, London, 1973, p. 50.

[3] *Ibid.*, p. 52.

tance" by 1.5-2 times. In 1977 government economic aid was 15-20 per cent of the total volume of financial resources exported to developing countries. The year 1977 witnessed an "explosion" of portfolio investments and commercial credits regarded as such (3,860 million dollars).[1]

The government adopted a special document in 1975 entitled "The Changing Emphasis in British Aid Policy", in which it was announced that henceforth Britain would seek to channel its economic "aid" to the "poorest countries", in which annual income per capita is less than 200 dollars (in 1975, 48 per cent of "aid" was channelled to that group of countries). Within these countries, too, "aid" would be provided to the "poorest layers of the population". It is difficult to imagine, however, how this could be carried out in practice without interfering in the receiving countries' internal affairs.

An increasing adaptability to changing socio-economic situations in developing countries and to changes in the balance of forces among major centres in the world capitalist economy is also a characteristic feature of economic "assistance" provided by France and other former colonial powers.

The traditional concentration of French "development assistance" and of private monopoly investments in former French colonies, particularly in countries of Tropical Africa, is now far less pronounced as French monopoly capital engages in an intense search for new spheres of profitable investment, new markets, and sources of energy and mineral raw materials. In strengthening their position in developing countries in which American or British capital prevails French international monopolies enjoy the active support of their government in such matters as favourable contracts for constructing nuclear power stations, industrial enterprises, and subways. These are financed by credits given to France by Iran, and similar credits are currently being received by Britain.

While such "new" programmes of "assistance" financed by a developing country itself are not proceeding as smoothly as French monopolies would have liked. They are intensely

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[1] *Coopération pour le développement*, Paris, 1978, p. 235.

seeking to establish themselves both in Iran and in other petroleum producing countries.

Because the problem of supplying France with energy resources continues to be acute the French government also participates in investments through its financial and industrial monopoly associations and derives very large profits. In particular the widely known petroleum producing government monopoly Elf-Erap is also a typical international monopoly (within the capitalist world its share in the production of petroleum is approximately 0.6 per cent). It receives 57 per cent of its petroleum from three African countries: Gabon (36 per cent), Nigeria (13 per cent) and the Congo People's Republic (8 per cent). In effect Elf-Erap possesses controlling block of shares of petroleum processing facilities in the Ivory Coast (SIR—25 per cent), Senegal (SAR—30 per cent) and Gabon (SOGARA—18.7 per cent).

With regard to other types of energy raw materials derived from countries in Tropical Africa, a major role is played by such private French international monopolies as Péchiney Ugine Kuhlmann, Mokta, Imental, and Air-Liquide. But one cannot overlook the direct participation of France's Commissariat of Atomic Energy in the exploration and extraction of uranium ores in Niger, for example. Other participants in the firm engaged in extracting uranium ore in Niger include (aside from the French Commissariat of Atomic Energy, which owns 33.5 per cent of the capital) the Péchiney-Mokta group (33.5 per cent), the West German Urangesellschaft (8.1 per cent), the Italian firm Agip Nuclear (8.1 per cent) and the government of Niger (16.7 per cent).

A new mixed multinational firm was established in 1974 to operate a new uranium deposit Akouta. This is the Compagnie minière d'Akouta (COMINAK). Its participants include the French Commissariat of Atomic Energy (34 per cent of the capital), the Japanese Overseas Uranium Researches (25 per cent), the government of Niger (31 per cent) and other monopoly groups. After 1978 that firm is expected to produce 2.4 thousand tons of uranium concentrate per year.

Aside from developing uranium deposits in Gabon, the Péchiney group participates in the development of bauxites in Guinea, and is one of the principal shareholders of the

FRIA company, which controls the production of aluminium in the Cameroon.[1]

Air-Liquide specializes in the extraction of industrial gases, and possesses branch facilities in nearly all Francophone countries of Tropical Africa (the Société ivoirienne d'oxygène et d'acétylène in the Ivory Coast, the Société camerounaise d'oxygène et d'acétylène in the Cameroon, and the Société congolaise de gaz industriel in the Congo People's Republic).

Similarly French monopoly capital continues to hold its position in its former African colonies in the extraction and processing of other minerals as well as in such sectors of light industry as the textile and food.[2]

French monopolies control the production of manganese ore in Gabon (the COMILOG group in which the United States Steel Corporation and the Gabon government also participate). One of the capitalist world's giants in the field of construction materials, the French firm Simon-Lafarge, controls the production of cement in Gabon, the Cameroon, Senegal and other African countries. It is followed by SCAC, which possesses enterprises in the Ivory Coast and Benin.

French private monopolies engaged in the extraction of petroleum frequently combine with the government monopoly Elf-Erap in establishing enterprises in African countries. France's Agency for Geological Surveys not only provides a variety of services to its monopolies relating to pre-investment studies of mineral resources in African countries, but in some cases contributes to their production as well.

The French government's economic "development assistance" is largely channelled to those developing countries that are of particular interest to France's state-monopoly capital.

[1] The activities of the Péchiney group extend beyond extracting industries. It owns a number of processing enterprises in Africa, including SOCATRAL, a plant producing aluminium products in the Cameroon.

[2] For example, the very large French textile firm Agache-Willo and the group CDTF possess firms in all Francophone African countries. Similarly, the SOGEPAL group controls the beer industry in the Ivory Coast, Senegal, Benin, and Niger, and owns soft drink factories in Mauritania, Togo and other African countries, while SIFM controls the production of matches.

Between 1956 and 1977 France's government economic "assistance" to developing countries has exceeded that of the Federal Republic of Germany and of Japan taken together. This is largely explained by its wish to maintain its "general presence" as well as the position of international monopolies and of the bourgeois government in former colonies, particularly in Africa. But the system of political, commercial and financial "alliances" and neocolonialist "agreements" that France established in the 1960s did not prove to be viable. The deep crisis that it experienced was particularly evident in the 1970s (in 1972 Madagascar and Mauritania left the Franc zone). This led the French government and large monopolies to adapt to the new situation, change their tactics, and extend the geographical zone of their expansion.

French international monopolies have been increasingly penetrating African countries that do not enter into the Franc zone. While in 1972 the total volume of exports of French private monopoly capital to African developing countries was 83.1 million dollars (including 73.2 million dollars to countries of the Franc zone), in 1974 it reached 223.3 million dollars (of which 124 million were exported to countries in the Franc zone). During that same year the total volume of exports of private monopoly capital from France to all developing countries reached 1.5 billion dollars (of which more than 1 billion dollars were channelled into portfolio investments, 268 million dollars to export credits, and 239 million dollars—to direct investments). In 1977 this sum amounted to approximately 2.8 billion dollars (including 264 million dollars of direct investments, 720 million dollars of portfolio investments, and 1.8 million dollars of export credits).[1]

These data reflect the growing portfolio investments —from 290 million dollars in 1970 to 720 million dollars in 1977 and during the same period export credits increased by almost six times from 303 million dollars to 1.8 billion dollars.

The French government's "development assistance" had adapted itself to these geographical changes in the export

[1] *Coopération pour le développement*, Paris, 1976, p. 242; 1978, p. 228.

of private monopoly capital as it is shifted to those developing countries of the dependent capitalist type within which class differentiation and social polarization becomes increasingly pronounced: wealth accumulates among members of the local capitalist upper layers as poverty among millions of workers increases. In the second half of the 1970s nearly 50 per cent of the French government economic "development assistance" was directed to developing countries in which the annual per capita national income exceeded 1,000 dollars. While there are no such countries in Tropical Africa there are some in the Middle East (Iran, Kuwait, Saudi Arabia), in Latin America (Argentina, Brazil, Uruguay) and in Southeast Asia (Singapore).

The influence of French private monopoly capital in Nigeria has greatly increased.[1] Such French international monopolies as Michelin, Elf-Erap, Air-Liquide, SCOA, Renault, and Peugeot have established branch facilities in that country. In particular Peugeot owns 40 per cent of the shares of Nigeria's state automobile assembly enterprise in Kaduna, which produces one-third of the passenger automobiles that are bought in that country. Important credits have been given to Nigeria by Caisse Centrale de Coopération Economique (CCCE), one of France's central financial institutions participating in the development and financing of programmes of economic "assistance" to developing countries.

A system of guarantees for private investments abroad in which CCCE participates exists since 1971. Together with the Ministry of the Economy and of Finance it plays an important role in encouraging French investments in developing countries. Aside from providing credits, CCCE actively cooperates with the national banks of other countries, particularly in Africa. It is also engaged in entrepreneurial activities and creates mixed enterprises purchasing shares of banks and of industrial firms. Towards the end of 1973, together with financial institutions associated with it, CCCE provided credits valued at more than 300 million dollars to private enterprises in those African countries in

[1] Data for 1975 indicate that France was third (after Britain and the USA) in the volume of private investments in Nigeria.

which French private monopoly capital either prevails or participates.

Approximately 300 private capitalist enterprises were either established or expanded in various branches of industry in these countries, including eight branches of French petroleum and metallurgical monopolies (belonging to Elf-Erap and Péchiney) which received over half of that sum.

As in the case of other industrially developed capitalist countries, French industrial monopoly associations cooperate closely with international banking monopolies in matters relating to developing countries.

The share of French government "development assistance" within the total volume of financial resources exported by France to developing countries was greater (44 per cent in 1977) than that of other imperialist powers. Until recently France's policy of "assistance" has emphasized on so-called technical assistance (the sending of consultants, experts, and teachers to developing countries and the education and training in France of personnel from those countries). But during the past ten years France has greatly reduced the number of teachers and experts that it has sent to developing countries. At the same time it has greatly increased expenditures on transferring technical knowledge, carrying out various forms of research and advertising French equipment and technology through government channels. Funds assigned to technical "assistance" meet the expenses of representatives of government agencies in developing countries, where they work as employees of particular state-monopoly firms.

Between 1973 and 1977 France's expenditures on technical "assistance" to developing countries increased from 685.4 million to 1,090.2 million dollars.[1] The 1979 budget of the French Ministry of Cooperation allocated 45.4 per cent of its funds to technical assistance and about 21 per cent to development assistance.[2]

There are thus common features in the global economic strategy and tactics of state-monopoly groupings of different imperialist countries with regard to the manner in which they influence economic relations with developing countries.

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[1] *Coopération pour le développement*, Paris, 1978, p. 276.

[2] *Afrique contemporaine*, No. 100, November-December 1978, p. 21.

In spite of an increasingly intensive rivalry among such centres today's finance capital is clearly acquiring the features of international state-monopoly capital as the differences between state-monopoly and private monopoly capital are becoming increasingly blurred in defining the short-term and long-term tasks of exploitation and in maintaining developing countries within the orbit of world capitalism.

On the other hand, this expansion of international monopoly groups is accompanied by an increasingly intense inter-imperialist struggle that is governed by the law of uneven development. While in the 1950s and the early 1960s the United States and its monopolies played a dominant role within the world capitalist economy.

In the early 1970s, however, the investments of monopolies of the Federal Republic of Germany, Japan, Great Britain, and France in developing countries increased sharply.[1]

(in millions of dollars)

Years	USA	FRG	Japan	Britain	France
1966-1968	2,006	656	255	423	632
1970	2,521	678	669	760	829
1974	5,273	1,469	1,038	1,532	1,544
1975	11,799	3,058	352	1,406	1,502
1976	6,399	3,682	1,548	1,494	2,897
1977	6,159	4,081	2,469	1,494	2,770

The accumulation of capital exerts a decisive influence on capitalist reproduction. Historically its intensification was achieved through a shift in the ratios between the two major proportions within the reproduction process (the reproduction of means of production and the reproduction of means of consumption) in favour of a growing share of the former. This took place in the United States in the

[1] *Coopération pour le développement*, Paris, 1977, pp. 215, 216, 221; *Ibid.*, 1978 pp. 228-31, 235.

1920s in the early stages of its industrial development, and in Western European countries as well as in Japan in the 1950s and 1960s. This caused the productivity of labour to increase as a result of a growing volume of means of labour per unit of live labour.

At the present time, however, the intensification of production in the industrially developed capitalist countries reflects changes in the sectoral structure of accumulating basic capital that increase the share of less capital-intensive sectors. Together with other factors this leads to a stabilization and even a decline in the value of means of production that is passed on to final products. It is clear that the accumulation of capital may not be simply viewed as a source in the extensive development of production. For the countries under consideration investments are increasingly characterized by a decline in the share of those means of labour that are channelled to extractive sectors and to infrastructure. At the same time the share directed to processing sectors, to services, and to the production of non-material wealth continues to grow. These, then, are the principal new characteristics of the investment process after a certain level of economic, technical and cultural development has been reached. The effective utilization of means of labour (the use of more efficient equipment and of modern technology) then plays a particularly important role, and the saving on live labour offers the major indicator of more intensive production.

As they transfer particular enterprises to particular sectors of developing countries, international monopolies pursue their own self-serving objectives, namely, the creation, *on a world economic scale*, of the most favourable conditions for intensifying the process of accumulation and deriving the highest profits with the help of both national and international factors.

At the same time the growing share in world trade of products processed with the help of more complex forms of technology-intensive labour has also led to a global re-evaluation of the role of natural resources and of the environment. The struggle to occupy economic territories in developing countries has become one of the major elements of inter-imperialist rivalries among international monopolies.

The current interpretation of the concept of an "economic territory", however, is relatively complex. Above all it refers to the sphere of investment, to markets for labour power and product markets, and to particular advantages in impeding their rivals.

Productive forces in developing countries may acquire industrial forms that occasionally reach the technical level of industrially developed capitalist countries.

Yet, even when their national economies experience a certain development, the very nature of the penetration of international monopolies into developing countries produces new levels of dependence in technological, scientific and managerial fields. This increases their dependence, for they are made increasingly dependent on private capitalist production activities that make it possible for both the neocolonialist exploitation of the peoples of developing countries by international monopolies and associated local capitals to reproduce the capitalist production relations. This produces qualitative changes in these countries' economies, intensifies their integration into imperialism's world economic system, and accelerates the uneven character of their political and economic development.

3. Contemporary Forms of the International Monopolies' Neocolonialist Exploitation of Developing Countries

Within the world capitalist economy international monopolies currently serve as the major suppliers of new equipment and technology to developing countries. These countries also possess wide possibilities for acquiring the newest machines, equipment and the most advanced technology from the countries of the socialist community on the basis of equality and mutual advantage.

In most developing countries, however, Western firms continue to play a major role in supplying them with new equipment and technology.

The advertising publications of leading monopolies offer vivid descriptions of the manner in which they are said to adapt equipment and technology to the needs of developing countries. Yet in practice, it is not the developing

countries that determine how equipment and technology should be adapted to their interest, but the monopolies, which usually have their own global interests in mind. As they adapt to new conditions of competitive struggle in developing countries, international corporations take into account the so-called isolationist approach of many such countries with regard to progress in science and technology. As a result, not a single regional enterprise had been created before the mid-1970s designed to jointly serve the markets of a group of countries or a region. Nor were corresponding types of infrastructures established in science and technology and networks of mutually complementary production activities did not develop.

Professor J. Nye of Harvard University, whose views have already been mentioned, has compared the negative and positive influences associated with the penetration of international monopolies in particular developing countries (the import of capital, the transfer of managerial experience and technology through the organization of branch facilities, access to markets of developed capitalist countries). He concludes that the former is much more significant. Above all this is because there occurs a transfer of unadapted technology, i.e., of forms that do not correspond to the needs of a given developing country, and that country is made totally dependent on international monopolies in the sphere of patents. This places local enterprises and especially small-scale enterprises at a considerable disadvantage, and produces an "erosion of local economic policy and controls; stimulation of inappropriate consumer tastes [i.e. in terms of Western standards—*E.N.*]".[1]

It is widely known that the transfer of equipment and technology by international monopolies is effected primarily through such channels as direct investments, the import of equipment by developing countries, the employment of foreign specialists and of employees of foreign firms, the acquisition of patents and licenses, and agreements relating to the transfer of technological experience.

The level of monopolization of technical research is very

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[1] J. Nye, Jr. "Multinational Corporations in World Politics", *Foreign Affairs*, Vol. 53, No. 1, October 1974, p. 170.

high in industrially developed capitalist countries. International monopolies take advantage of the sale of technical knowledge and experience to widen their foreign trade expansion. Since the sale of licenses or patents frequently represents the first step in penetrating new markets and sectors and in participating in the capital of national firms it may also serve as a first step in acquiring control over such firms.

A major form of export of equipment by international monopolies concerns agreements to sell licenses. Licensing agreements provide for the transfer of rights to use a patent or license to local firms. Frequently the licensing firm is an international monopoly that does this in return for a share in the capital of the local firm. Such arrangements contribute substantially to a transition from exports of technology to exports of capital.

Of 3.5 million patents in existence in the non-socialist part of the world only 200 thousand are registered in developing countries. One-sixth of these belong to national firms, while five-sixths belong to monopolies of the USA, the Federal Republic of Germany, France, Britain, Switzerland and Japan. Because of their policies only 5 per cent of these patents were employed in the field of production activities. Patents acquired in developing countries from international monopolies are applied to industrial production only to a very small extent.

Other forms of technology transfers by international monopolies include so-called cooperation agreements and management contracts.[1]

In the 1970s a number of studies published in the West concerning the problem of economic relations between developed capitalist countries and developing countries pointed out that the former are finding themselves increasingly dependent on developing countries with regard to their supply of various types of raw materials and energy resources. In particular 67 per cent of the energy raw materials, employed by developed capitalist countries, were

[1] In particular America's Ford Corporation, which initially provided technical assistance to a Mexican automobile firm, soon acquired a main share of its capital and then began to control the country's automobile market.

imported in 1976. At that time the degree of self-sufficiency of the United States was 86 per cent, that of Western European countries 41 per cent, and that of Japan 9 per cent.

A major part of proven deposits of other important mineral resources is also located in developing countries (60 per cent of the copper, 60 per cent of the bauxite, 69 per cent of the nickel, 82 per cent of the manganese ore, 84 per cent of the cobalt, 95 per cent of chrome ore and 99 per cent of tin).

The current situation on the world capitalist market, which is characterized by an "explosion" of raw material prices and shifts in terms of trade, is extremely unstable. In the early 1970s, largely as a result of a galloping inflation, international monopolies accepted an increase in raw materials' prices. The growth in production in major capitalist countries that preceded the economic crisis of 1974-1975 contributed to this. Already in 1974, however, the growth in raw materials' prices became less pronounced, while prices for industrial commodities delivered by Western countries continued to rise rapidly. One of the consequences of the economic crisis by the mid-1970s was a sharp decline in purchases of raw materials on the world capitalist markets.

A number of Western economists have expressed strong support for the idea that only international monopolies are carriers of new equipment and technology and are "prime" movers of world trade.[1] It is asserted that the striving of these monopolies to export capital is no longer a distinguishing feature. They are said to differ from earlier colonial firms which were primarily concerned with the extraction of various types of raw material and petroleum and possessed plantations. Colonial monopolies were concerned only with supplying their own countries. They did not take into consideration the requirements of the economic development of former colonies and dependent countries and technology transfers to those countries occurred in negligible amounts. Their strategy was to establish enclaves and their investments did not contribute to the development of national economies of the colonial periphery.

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[1] One such study is the work of E. J. Kolde, *The Multinational Company* (Mass., 1974). Professor Kolde teaches at Washington University.

Today's multinational corporations, they assert, are an entirely different phenomenon. Their distinguishing feature concerns neither the nature of property nor their domination of markets. It concerns management and managerialism. This is said to be the integrating force of these corporations.

It is not difficult to discern in that conception a certain repetition of the well-known theory of a "managerial revolution" that was widely disseminated in the USA in the late 1950s and 1960s. Today, in a somewhat modified form, this idea is offered to developing countries. Its purpose is to remove hesitations on the part of the ruling circles of developing countries who are concerned with the international monopolies' penetration into their economies. These monopolies, it is said, are altogether different from the old ones. They do not need the natural wealth of developing countries. Instead they are only concerned with the developmental problems of developing countries and with adapting new technology and managerial methods to their needs.

It would follow from this theory that the objective of present-day multinational corporations is not to control and exploit natural resources but to "make use of the technical advantages and market possibilities".

E. Jacoby, a Professor at the University of Stockholm, writes: "Unlike large colonial firms in the past, transnational companies are not interested in becoming direct owners of resources, rather they are interested in acquiring control over all subsequent operations."[1]

International monopolies in developing countries continually fear that they may be expropriated or nationalized. In order to overcome this they are advised by E. Kolde that in order to survive an international monopoly must learn "to identify its policies and programs with those of the host nation and to demolish its traditional image of a reactionary uninterested in the development and modernization of the country".[2]

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[1] *Le monde diplomatique*, No. 268, July 1976, p. 4.
[2] E. J. Kolde, *op. cit.*, pp. 218-19.

It is not surprising that issues of managerialism and management are emphasized. This is a type of camouflage of international monopolies, as it were, whose worldwide economic structures permit them to adapt to a variety of conditions in relatively flexible ways as they seek to "integrate" into the national economies of the countries in which they operate.

In doing this they extract profits from exploiting many countries and peoples by taking advantage of favourable financial and fiscal conditions, specific market characteristics, social and political changes in these countries, "to minimize external hazards to the welfare of the firm".[1]

E. Kolde admits that today's multinational corporation "creates an internal economics—which harbors the superior powers of the contemporary direct foreign investor over its uninational counterparts".[2] In short, international monopolies establish divisions, branches, or subordinate enterprises which they operate within the framework of the monopolies' "internal economy", even though local government capital or else private capital from developing countries may participate. As they organize industrial enterprises in developing countries, including enterprises that devote themselves nearly fully to exports, international monopolies hold them in a completely subordinate position technologically, and seek to keep away local managers from production "secrets" that could serve the future interests of the developing country concerned. In this connection, G. Plant, a British trade union leader, notes: "It is doubtful ... whether they bring the technological 'know-how' based in the United States to the 'host country'. Very often the technological secrets are retained by breaking down production so that one complete product is never made in one country."[3]

Enterprises following an "external economic orientation" generally play the role of subcontractors within the basic production activities that international monopolies usually locate in industrially developed capitalist countries. As

[1] E. J. Kolde, *op. cit.*, p. 48.

[2] *Ibid.*

[3] G. H. Plant, "The Relationship Between Multinational Enterprises and Social Policy", *The Year Book of World Affairs, 1974*, Stevens & Sons, London, 1974, pp. 178-79.

for their position within the economies of developing countries, they continue to be the same "enclaves" and parts of the "internal economy" of international monopolies to which E. Kolde referred, i.e., they are essentially left out of the sectoral structure of national economies. It follows that their influence ("multiplicative" effect) on other enterprises in the given sector or closely related sectors is quite limited. Accordingly, in considering the nature of the economic effect of direct investments of international monopolies on the economies of particular developing countries, it is necessary to consider the specific character of these investments, their "industrial monoculture", as it were, and also the orientation on the as rapid as possible transfer of the resulting profits.

It should be kept in mind that unlike their investments in industrially developed capitalist countries, international monopolies seek to export as large a share as possible of the profits that they receive from investments in developing countries before the enterprises that have been constructed with their participation become profitable, i.e., before the end of the recoupment period. This produces acute contradictions between developing countries and international monopolies concerning the export of profits derived from foreign investments and the volume of these monopolies' new investments.

It is widely known that until recently international monopolies invested mainly in developing countries' extraction industries, and especially in petroleum production.

The facts demonstrate convincingly that operations relating to technology transfers are merely attempts to impose new forms of subordination to international finance capital on developing countries. In this connection natural resources, too, may once again find themselves under its indirect control, even though this may be hidden by agreements between international monopolies and corresponding developing countries that at first may seem to be very advantageous to the latter.[1]

[1] In the mid-1970s an agreement was signed between the US firm Texas Galerr and Panama concerning the establishment of the firm Serro Colorado to exploit rich petroleum deposits. According to the terms of the agreement 80 per cent of the net profits would be retained

In an interview to the weekly *Rose el-Youssef* in March 1976, Algeria's late President, Houari Boumédienne, noted that his country's relations with the USA developed on a purely commercial basis. "We give neither to the USA nor to any one else the right to invest capital in our country," he said. "We know well that imperialist countries seek to deplete the resources of developing countries and to subordinate them to their own policies. No one can mention even one country in which the USA have helped to develop the national industry or have helped in developing projects that contribute to social progress." This is the view of a sober statesman that reflects the actual character of relations between capitalist powers and developing countries.

The struggle of developing countries for their economic autonomy and economic sovereignty is accompanied by a nationalization of foreign property in major sectors of national economies and this is forcing international monopolies to turn to more flexible and less visible forms of penetration. The nationalization of the property of particular groups of monopoly capital may also be viewed as a gain by rivals who may seek to acquire new positions within developing countries but under the pretext of providing a diversity of services (the management of nationalized enterprises, the marketing of output, expert advice on designing new enterprises, etc.) rather than in the form of direct control.

International monopolies take into consideration the growing technological dependence of developing countries on their services. Even firms whose property is nationalized retain sufficiently powerful means for influencing former colonies with regard to marketing, transportation, the storage of output and supplies of equipment and spare parts.

The Venezuelan state petroleum producing company Petroven has entered into an agreement with a US monopoly, Exxon, that until recently, together with other inter-

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by Panama and 20 per cent by the US firm. This agreement was advertised as a prototype of the new relations between the USA and Latin America. But in fact there was a clause in the agreement providing that during 15 years Panama will pay to the US firm 7 million dollars each year for leadership, management and the supply of equipment. The total payments would represent one-seventh of total investments.

national monopolies, had been engaged in the extraction of Venezuela's petroleum. According to its terms Exxon was to receive 60-80 million dollars for consulting services relating to extraction methods and petroleum refining.[1] Another agreement concerned the purchasing of Venezuelan petroleum and technical assistance.

Specialists from Columbia's National Statistical Agency have studied the forms and methods employed by international monopolies, and primarily American ones, to penetrate national economies (as a result of which more than one half of the industrial output fell under their control). They came to the conclusion that the control mechanisms that they employ extend far beyond the acquisition of a controlling block of shares. In particular control over the production technology permits a shareholder who does not own a controlling block of shares to effectively manage an enterprise's activities through specific agreements concerning the use of technology as well as through a variety of forms of pressure.

A shareholder who does not possess a controlling block of shares may still control an enterprise when other shareholders also do not possess a controlling block and do not operate as a single group. The current state of the market and the foreign shareholder's reputation tends to increase his influence within a firm.

Under present conditions of progress in science and technology international monopolies make use of the scientific and technical dependence of developing countries as one of their strongest means for exerting pressure and penetrating these countries in one or another form.

Within the framework of their so-called partnership and in exchange for a commitment to follow a course of capitalist development and remain within the sphere of influence of a particular financial group international monopolies consent to an appreciable redistribution between themselves and the ruling classes of developing countries of the profits that they receive from exploiting workers.

Much emphasis is placed on the arrangements that govern relations among the various production units of interna-

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[1] *Business Week*, August 9, 1976.

tional monopolies. A great diversity of direct and indirect relations exist between head offices and branch enterprises that facilitate the accumulation of maximum profits. One of the methods employed for increasing and also hiding profits is to artificially increase overhead expenditures in head enterprises so as to increase the production costs and prices of final products. A large part of the overhead expenditures of head enterprises are reassigned to the output of branch facilities. This causes the prices that are employed by enterprises and those at which the output is sold on world markets to differ.

In this way international corporations artificially inflate internal prices in corresponding sectors of developing countries and derive large profits that they do not record in the accounts of their branch enterprises. The tax authorities of developing countries in which such branches operate cannot fully control their profits and large share of such profits avoids taxation. The resulting adverse effects influence both the balance of payments of developing countries and government revenues.

Because they possess greatly ramified networks of branch facilities, international monopolies are able to compare the depreciation and tax policies of different countries and choose the one that is preferable from the point of view of the interests of the monopoly group as a whole. A widely used method for managing their finances is the creation of special financial companies for providing the needed funds and for coordinating the financial operations of all divisions and branches located in the capitalist world's numerous "tax havens".

International monopolies also organize special types of intermediate trade corporations that are similar to Japan's foreign trade monopolies. One of their many tasks is to penetrate the markets of competitors, expand foreign trade operations, and market technological know-how as well as equipment. An example is provided by the US Kaiser Aluminium & Chemical Corp., which until recently mined bauxites in Jamaica, processed it into clays in Ghana, and produced metal in the USA. It established a branch trading firm, Kaiser Trading whose main purpose was not the marketing of the head company's output but the collection of

profits from so-called independent trading operations, services, ware-housing services and the transportation of freight, as well as a diversity of financial and insurance operations. The firm trades not only in metals but in industrial products, agricultural raw materials, timber products, chemicals, cement and fertilizers. It also sells licenses, and know-how belonging to the head firm. Similar firms are established by other international corporations, not only in the United States but in other Western countries as well. Their appearance points to the growing association of the technological expansion of international monopolies with their expansion in foreign trade.

The sphere of international trade relations serves as one of the principal channels through which international monopolies exploit developing countries and carry out their neocolonialist industrial, technological, and scientific strategies.

The dependence of developing countries on foreign trade derive primarily from their backwardness and specialized character of their economies, that is, from the dependence of their exports on one or two primary commodities—raw materials, fuels or food products—whose sales form the principal source of foreign exchange and thus means of payment for imports and accumulation. Their possibilities for establishing import-substituting activities are quite limited.

It is widely known that for some time after the Second World War Western monopolies were able to stabilize the prices of imported fuels and of agricultural raw materials at monopolistically low levels.

Subsequent increases in these commodities' domestic and world prices have continued even during the major economic crisis of 1974-1975. This has become a new characteristic of the world capitalist system.

Such increases in world prices during the 1970s reflect political as well as economic factors including changes in the relative power of the two major groups of countries entering into the world capitalist economy.

But since international monopoly capital continues to hold key positions within the world capitalist economy, much time and many efforts will apparently be needed before

developing countries may achieve their rights in the solution of major world economic problems.

At a time when the struggle of developing countries for their economic sovereignty is growing in intensity, international monopolies are seeking to revise their price policy with regard to agricultural raw materials as well as fuels.

The problems that concern the extraction, refining and distribution of petroleum and petroleum products were considered earlier. As for the marketing of unprocessed raw materials on the world capitalist market (with the exception of petroleum products) the corresponding terms continue to be determined by international monopolies.

Western economists have estimated that of 200 billion dollars that are paid by final consumers in industrially developed capitalist countries for raw materials imported from developing countries major international industrial and trade monopolies receive 170 billion dollars while producing countries receive only 30 billion.

At the present time fuels and raw materials account for slightly less than half of the capitalist world's trade (46 per cent of their value in 1976). Each year exports of energy resources and mineral and agrarian raw materials amount to an average of 110.7 billion dollars. Of that sum approximately 77 per cent relates to petroleum and 23 per cent to other types of raw materials. Among the latter, about two-thirds (more than 60 per cent) relates to exports of 18 stabilizing commodities (i.e. commodities to which developing countries wish to apply a price-stabilization system to reduce the adverse effects of efforts of international monopolies that seek to either reduce prices, or increase them, depending on the world economic situation, which they themselves largely create).[1]

Despite the establishment of a so-called preferential trading system with developing countries and despite the insistence of Western countries that they are taking steps (once more with the help of international monopolies) to expand the list of commodities that developing countries may export to their internal markets, their actual practice

[1] This group of commodities includes coffee, cocoa, sugar, meat, tea, bananas, vegetable oils, cotton, jute, sisal, rubber, copper, tin iron ore, manganese ore, bauxites, phosphates and timber.

is quite different. In this connection the French sociologist, R. Servoise, observes: "The developed world has organized itself in such a way that it not only refuses to admit manufactured products from the Third World to its own markets, but carries competition to the markets of these countries, which are subjected to the competition of manufactures produced by industrial countries."[1]

Developing countries experience enormous losses as a result of their unequal position within the system of the international capitalist division of labour, and of protectionism that is practised by Western countries with regard to agricultural and raw material products. UNCTAD has estimated that in the mid-1970s a dismantling of projectionist measures on agricultural import from developing countries could have yielded them an additional 10 billion dollars by 1980.

As noted in documents prepared for the UNCTAD Conference that took place in Manila in May 1979 countries supplying raw materials often receive less than 30 per cent of the price paid by consumers.

At the same time developing countries paid 100 billion dollars more for imported industrial products in 1976 than they received for similar exports.

In recent years, developing countries are becoming an increasingly important market for products originating in industrially developed countries. International monopolies devise on a variety of special arrangements when exporting industrial products to developing countries and continually increase the prices of their industrial products. According to United Nations data these prices increased by 22 per cent, between 1974 and 1975 and then increased by another 10 per cent in the following year.

In 1977 the trade deficit of developing countries declined somewhat by comparison with the first half of the 1970s. Still it was 12.7 billion dollars. Even the International Bank for Reconstruction and Development in its Report for 1978 was very pessimistic about the possibility that this position of developing countries on world markets might improve. Among a wide variety of obstacles protectionist

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[1] *Le monde*, May 6-7, 1976, p. 47.

Terms of Trade of Developing Countries
(ratio of index of export prices to index of import prices, 1970=100)[1]

	1971	1972	1973	1974	1975	1976
Developing countries (excluding petroleum producing countries)	95	93	101	94	84	87

measures on the part of industrially developed capitalist countries continue to play an important role, in spite of their widely advertized intentions to open the West's markets to industrial products from developing countries.[2]

In the last decade 70 per cent of the export of industrially developed capitalist countries to developing countries relates to equipment and different types of industrial products. International monopolies have been passing on the effects of inflationary waves and of general economic instability in the first place to developing countries in view of their need to modernize their national economies and utilize the achievements of progress in science and technology.

Developing countries experience substantial losses in importing the products of international monopolies. They expend their domestic resources and savings, weaken the competitive power of local industries, increase unemployment and intensify socio-political as well as moral and psychological conflicts.

The authors of a report of the United Nations Centre on Transnational Corporations observe that the tendency of international monopolies to supply a standard output throughout the world causes the population of developing countries to change their social habits and leads to the closing of traditional enterprises, to still greater unemployment, and a still greater rift between the wealthy and the poor.

It notes that the activities of international monopolies in the pharmaceutical field that speculate on what is most

[1] *Monthly Bulletin of Statistics*, July 1977, p. XVII; July 1978, p. XXII.

[2] *Asian Finance*, October 15, 1978, p. 4.

important to men, namely, their health, illustrate the way in which developing countries are robbed. Their victims include wide layers of the population in industrially developed capitalist countries and especially peoples of developing countries.

It is widely known that the largest pharmaceutical firms of the USA, France, the Federal Republic of Germany, Italy and Switzerland produce up to 80 per cent and export 90 per cent of the capitalist world's medical products.

In the case of India 43 foreign pharmaceutical firms, that are branches or divisions of major Western firms, have exported profits and other revenues valued at 83 million rupees between 1974 and 1976. The policies of monopolies on the food markets of Asian, African and Latin American countries are similar.

Developing countries spend 40-60 per cent of all financial resources assigned to health on the acquisition of medicines. At the same time the West's pharmaceutical firms and large international concerns have monopolized the markets for medicines in many countries of Asia, Africa and Latin America. They rely on a special pricing policy under which they deliver large quantities of expensive preparations but seldom supply equally effective low-cost medicines. Frequently, identical preparations are sold at higher prices under different labels.

In a number of developing countries the cost of a package of ordinary tablets is greater than a worker's weekly wage.

A widely advertised special publication prepared by Nestlé's (a large international monopoly in the production of food concentrates) described its "contributions" to the economic development of developing countries. It presented the following data concerning the value and composition of the output produced by its branches in developing countries.[1]

Nestlé's activities in developing countries bring it enormous profits. It may be inferred even from official data that since the share of wages in the value of the total output produced in countries of Asia, Africa and Latin America was 288.9 million Swiss francs, and the profit was 117.1 mil-

[1] *Présence de Nestlé dans le pays en développement*, Edité par Nestlé Alimantana, S.A., Vevey 1975, p. 14.

Expenditures	Developing Countries			
	Latin America	Africa	Asia	Total
	millions of francs (per cent)	millions of francs (per cent)	millions of francs (per cent)	millions of francs (per cent)
Local				
Purchases of materials and payment for services	1,366.9	80.5	157.7	1,605.1
Wages and salaries (including social expenditures)	257.5	8.9	22.5	288.9
Taxes, imposts	246.2	16.0	43.3	305.5
Total	1,870.6 (81.2)	105.4 (49.7)	223.5 (43.9)	2,199.5 (72.7)
External				
Imports	347.4	98.9	261.9	708.3
Dividends, interest and debts	85.8	7.8	23.5	117.1
Total	433.2 (18.8)	106 (50.3)	285.4 (56.1)	825.4 (27.3)

lion Swiss francs then according to Marx's formula for the degree of exploitation this equals more than 40 per cent,[1] while the rate of profits on invested capital is more than 30 per cent. In fact it is still larger, since recorded payments for imports of required parts refer mostly to secret transfers of profit, while a large portion of profits is concealed in the form of inflated expenditures on purchases of raw materials and other materials.

In the summer of 1976 Nestlé's initiated a scandalous suit in Berne against a research group of sociologists and economists who publicly exposed these practices. In fact Nestlé's

[1] These data barely reflect the actual degree of exploitation since profits are artificially reduced, while total wage payments are adjusted upwards (for example, by including the incomes of highly paid managers and company experts).

lost that suit, since it was not able to disprove the corresponding findings relating to its scandalous practices in selling baby foods in developing countries.

Like other monopolies, Nestlé's makes wide use of its own internal administrative structure for defining a system of transfer prices.

Branch facilities are also established in developing countries following careful studies of various economic, political and social factors (for example, the climate for foreign investments, the balance of class forces, the extent to which the working-class movement is organized, the role and authority of vanguard revolutionary parties, the extent to which national economies are dependent on world imperialism, their position within the world capitalist economy, the population's purchasing power, and prospects for developing domestic markets).

In the report of the United Nations Centre on Transnational Corporations mentioned earlier it is noted that those corporations control many of the resources needed by the developing countries for their economic development and that their policies relating to profits are usually harmful to these countries' strategies for economic development.

The practice of international monopolies, including American ones, to export the greater part of the profits that they acquire in developing countries while reinvesting the rest is widely known. US monopolies reinvested 9.5 billion dollars in these countries between 1973 and 1977.[1] This represented more than 60 per cent of the total annual economic "development assistances" contributed in 1977 to developing states by member-countries of the Development Assistance Committee.

These data (table, p. 135) show that in addition to a general increase in profits from direct investments in Latin America, there was a sharp increase in the revenues of American monopolies from other investments including portfolio investments (less than 10 per cent of the shares of firms) as well as from so-called management services and marketing services.

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[1] *Coopération pour le développement*, Paris, 1975, p. 171; 1976, p. 249; *Survey of Current Business*, Vol. 58, No. 8, August 1978, p. 22.

Profits on Direct and Other Investments of US Monopolies in Latin American Countries[1]
(in millions of dollars)

Type of investments	Years				
	1966	1970	1974	1975	1976
Direct	1,017	967	2,036	1,600	2,098
Others	321	556	1,867	2,282	2,983

In 1974, Britain's net revenue from investments in developing countries was 481 million pounds sterling (as compared to 232 million pounds sterling in 1970-1972), while its government "assistance" was 309 million pounds sterling.[2] In this connection the French sociologist R. Servoise observes that "it is necessary to compare the net transfer of 8-10 billion dollars of annual official assistance [being received by developing countries.—*E. N.*], with the 'losses' that appear as a result of the poor allocation of international credit, the unequal apportioning of profits from the exploitation of natural resources and of restrictions on the circulation of commodities and services, i.e., compare it with lost gain estimated at 50-100 billion dollars per year."[3]

International monopolies rely on a variety of channels to consolidate their monopoly position in relation to developing countries with regard to production and technology, as well as to impose new forms of dependence and subordination in an area that is made particularly important by the current revolution in science and technology. They also seek to arrive at "global solutions" to their world economic problems largely at the expense of developing countries, namely, by extracting the greatest possible profits, and creating markets for their products as well as sources of raw materials and energy resources.

In view of the striving of developing countries to combine their efforts on a regional basis in utilizing new equipment

[1] *Statistical Abstract of the United States, 1972-1978*.
[2] *BIKI*, August 31-September 21, 1976.
[3] *Le monde*, May 6, 1976, p. 46.

and technology, and in carrying out large-scale plans of industrial development a number of bourgeois economists have proposed their own "projects" for adapting international monopolies to these new conditions. The French economist Maurice Gernier, for example, thinks that the industrial development of African countries should proceed so as to turn particular regions of the continent into "zones" of activity of leading monopolistic associations. In his view such a "symbiosis" would in fact permit African countries to gain knowledge in creating and managing industries, for it is much more difficult to train experienced economic managers than it is to train a nuclear physicist.

Such projects for a "regional" exploitation of developing countries by international monopolies are in full opposition to types of cooperation among Asian, African and Latin American states that seek an effective exchange of new technology without the dictation of monopolies.

In their expansion international monopolies take into account the desire of developing countries to overcome their age-old backwardness and to make use of the revolution in science and technology.

For that reason the relations between foreign monopoly capital and independent national states are quite contradictory. On the one hand, developing countries being involved in the world capitalist economy are not yet able to forego measures designed to attract new equipment and new technology possessed by international monopolies, while on the other, there arises a real threat that the expansion of international monopoly capital will become even wider and will perpetuate economic exploitation and dependence.

A growing number of government officials and economists in developing countries oppose receiving new technology on usurious terms. They would like developing countries to have a right to choose and to take responsible decisions in relation to the type of equipment and technology that they should acquire from international monopolies and the manner in which it should be adapted to the specific socio-economic conditions existing in their countries.

The Western model for applying new technology, the so-called model of consumption, has been subjected to increasing criticism. This model leads to a growing inequality in

ownership in developing countries, to increasingly wealthy elites and to massive hardships as well as to unemployment among the population's major groups. The West's attempts to represent such criticism as attempts to isolate oneself from Western science and technology are of no avail. For what is actually criticized is not the achievements of science and technology in industrially developed countries, but the methods and forms that are employed in placing them at the service of increasing the wealth of exploiting classes, and of the interests of imperialist states and international monopolies which impose their own models and arrangements in matters of technology transfers and technical assistance.

The so-called Kuwait Declaration adopted in June 1977 by a group of experts (in connection with the preparation of a special conference sponsored by the United Nations on problems of technical cooperation among developing countries) stated that "traditional technical assistance has strengthened all forms of dependence and was in fact directed at stifling possibilities for an autonomous development of developing countries".[1]

A United Nations conference on problems of technical cooperation among developing countries was subsequently held in Argentina's capital, Buenos Aires, in the fall of 1978. Its proceedings stressed the need for joint actions, including the creation of special bodies for expanding cooperation among developing countries in the development of new equipment and technology. The strategy of technological colonialism of international monopolies was sharply criticized as studies of that problem were presented by special bodies of the United Nations. In particular, B. Morse, who is administrator of the United Nations Development Programme, noted in his report concerning that programme's implementation in 1977, that "there is an increasing concern that the greater part of technology that is sent from developed countries does not meet the needs of developing countries. Some of them require an excessive volume of capital and technical means. Other contribute to increasing the income and the standard of living of a small part of the population. The material element of development—new

[1] *Le monde diplomatique*, November 1978, p. 16,

plants, factories and equipment—frequently deplete the countries' resources, particularly when the 'logical' component—the knowledge, technology and organization needed to make them function—is catastrophically inadequate".[1]

UNCTAD has estimated that technology transfers, and in particular the acquisition of licences, of production rights on licence, and payments for the services of experts, have cost developing countries one billion dollars in the 1960s. Indications are that for the 1970s this will reach the 9 billion dollar mark.

In recent years the conception of "industrializable underdevelopment" has come to be discussed. Latin American countries are cited as an example. According to that conception, the course of their industrial development confirms the thesis that multinational corporations constitute the only source for acquiring even a minimal technological potential.

Some economists from developing countries who do not fully share such a view nevertheless criticize Marxists for supposedly being led to advocate, while protecting developing countries from exploitation and plunder within the framework of the world capitalist economy and its international division of labour, a full cessation of economic exchange with the world of capitalism and an association with the socialist international division of labour.

Such an interpretation of the actual position of the Marxist economists is far from accurate. For it is well known that Marxist economists advocate a wide development of economic, commercial, scientific and technical relations between industrially developed capitalist states and developing countries. The main point is that these relations should be based on democratic principles of international economic relations, namely, equality, mutual respect of sovereign rights, mutual advantage, and non-interference in internal affairs.

The experience of economic cooperation has repeatedly confirmed that the problem derives not from technology itself, the equipment, scientific achievements, and cooperation in production, but from the nature of the social relations that develop among countries and peoples, particularly

[1] *Le monde diplomatique*, November, 1978, p. 16.

since the increasing economic closeness and internationalization of production and exchange activities results from the operation of objective economic trends that are shaping the world economy. These trends work in opposition to the monopolization of scientific knowledge and of technical achievements by the international financial oligarchy.

The Soviet Union and other socialist countries maintain relations with some international monopolies. But the corresponding commercial agreements, which are frequently wide in scope as well as long-term in duration, completely exclude the possibility that these monopolies may interfere into the internal affairs of a socialist state and impose their own terms.

A number of socialist-orientated countries have concluded long-term agreements with leading Western European firms. The corresponding contracts are controlled by government bodies. It is important to stress that in such cases these companies' technical and production possibilities serve to strengthen the position of developing countries as sovereign subjects of economic transactions. They utilize the technical potential of international monopolies in order to develop their national economies and maintain control over major economic decisions as they pursue their chosen course of development.

Consider, for example, the case of Algeria, where more than 130 projects have been completed or are under construction with the participation of leading firms from the United States, the Federal Republic of Germany, and Italy. They include enterprises engaged in the production and refining of petroleum and natural gas, in the electronics industry, in the production of construction materials, in the food and light industries. Algeria's leaders make use, on the basis of equality and non-interference in internal affairs, of the experience and knowledge accumulated by leading international monopolies in order to overcome the backwardness of their country as soon as possible, and to carry out the major economic and social tasks of its development. For their part, these monopolies, as well as the capitalist states of Western Europe and the USA, are not only interested in purchasing Algerian oil and natural gas. They are also motivated by far-reaching objectives associated with plans to

influence Algeria's political development and attempt to turn it away from a socialist orientation. But Algerian leaders understand these intentions and resist all attempts to turn economic relations with Algeria into an instrument that would permit others to influence the country's political course.

Some economists in developing countries criticize Marxist-Leninist evaluations of approaches by developing countries to the utilization of the achievements of modern science and technology. They assert that Marxist scientists are supposedly opposed to these countries' utilization of so-called soft technology, specifically adapted to the needs of developing countries. Moreover, they ascribe to Marxists the view that its utilization would bring developing countries to a dead end, and that this can be avoided only by transfers of technology available through international monopolies. This would merely require, it is then said, the preparation of a so-called code of good behaviour for international monopolies that would lead them to exchange their equipment and technology "equitably" in return for the raw materials of developing countries. Such an interpretation of the views of Marxist scholars has nothing in common with the facts. Indeed, there is no common point of view among Marxist economists concerning whether so-called soft technology offers the best way to the development of productive forces in developing countries. Most of them, however, believe that providing that the specific conditions of different groups of developing countries are taken into consideration a variety of types of modern technology and equipment should be employed, including so-called soft technology.

Marxists do not share the idealistic view that all international monopolies will rigorously adhere to a "code of good behaviour". It seems evident that a strict control on the part of the governing bodies of developing countries and a firm position on matters relating to their sovereign rights, together with a refusal to allow interference in internal affairs are indeed important means for struggling against these monopolies, which can also be required to adhere to terms that may be embodied in specific international agreements.

But above all it is the independent development of each developing country that offers a key to the overcoming of

multiple structure and economic backwardness. This is the objective underlying the intensive and persistent efforts and progressive social measures intended to establish an effective sovereignty over all natural resources, materials, financial and human resources, and management of the entire national economy in the interest of improving the welfare of peaceful layers of the population and overcome archaic social relations. But much depends on the nature of the international division of labour and on the reconstruction of international economic relations on the basis of equality and mutual advantage.

In transferring technology to developing countries, international monopolies frequently operate through "turnkey contracts", that establish functioning production lines. It has already been noted that such deliveries create considerable difficulties to developing countries because of the complexity of managing particular production processes, and supplying them with raw materials, components, and spare parts. Some economists from developing countries view these difficulties as a type of gradual disruption of economic development produced by the application of new equipment and technology. In their opinion this may be avoided if developing countries will acquire "unpacking technology" from international monopolies, which will permit them to determine themselves which equipment and technology correspond to their own conditions of development. In such cases they will be able to avoid an emphasis on gigantic projects, that is on the construction of enterprises that are too large and whose economic parameters do not match the economies of particular Asian, African, or Latin American countries.

It seems evident that the terms of acquisition of technical innovations and technology and the manner in which they are to be utilized should be determined by competent bodies within developing countries with due consideration of a variety of natural, material, financial, demographic, social and other factors. In such a context a correct evaluation of the existing economic potential and possibilities for developing it and of the socio-economic consequences of uitlizing new equipment and technology are important elements in establishing a need for making use of the services and advice of international firms.

This brings to mind a well-known historical example, namely that of the Luddite Movement in England, when workers destroyed machines, believing them to be the cause of their harsh exploitation and impoverished state, while in fact it was the capitalists applying these machines that were the cause of their condition. This is why the advice of those economists in developing countries who claim that the effect of "unpacking technology" is to guarantee freedom from the dictates of international monopolies appears naive. For the manner in which foreign technology is employed is determined by the concrete socio-economic conditions that govern the development of particular developing countries, and by their ability to carry out a sovereign economic policy and to be independent in taking major economic decisions.

It is difficult not to see that the reason why the very large expenditures of many developing countries on acquiring expensive foreign equipment and paying for the consulting services and experts of international monopolies do not bring expected results is that these monopolies are least of all concerned with solving the vital problems of Asian, African and Latin American countries. International monopolies do not contribute in any way to the development of the conditions that are needed to place foreign technology at the service of national interests.

There are specialists on problems of developing countries who believe that initially the countries of Asia, Africa, and Latin America should establish a type of "engineering base" of its own, sharply increase expenditures on scientific research and development, and rely primarily on the existing level of development of productive forces rather than on foreign consultants and experts from international monopolies.

But is it possible to separate oneself by a wall from all types of foreign technology in the age of the revolution in science and technology and rely on one's own efforts alone in developing experience and knowledge in managing modern production activities? Such a cultivation of backwardness would in fact only help international corporations in continuing to consolidate their monopoly positions in matters of technology and scientific research within the framework of the world capitalist economy. In serving the development of their national economies developing countries may use

not only foreign technology provided by large Western firms, but in specific situations the services of their experts and consultants as well. It is important that in doing this they fully exercise their sovereign right to managing their national economies, that foreign experts and consultants work under the control of these countries' appropriate bodies and that their activities be directed at solving the problems of training local counterpart personnel that will gradually replace foreign experts and consultants. It is true, of course, that an emphasis on the training of national personnel and on the utilization of all available internal resources and possibilities is a major element in overcoming the age-old backwardness of developing countries. But this does not mean that the technological innovations of Western firms may not be employed in the interests of developing the national economies of developing countries to a certain extent provided that there is rigorous control.

In an article entitled "Technological Transfers, Regional Cooperation and Multinational Firms" Professor D. Germidis of the OECD's Institute for Social and Economic Development concludes that at the present time technology transfers lead to substantial increases in the external indebtedness of developing countries, which is already quite large, and to a worsening of their economic position.[1]

In the mid-1970s 11 Latin American countries approved a special resolution in which they stated that technological dependence forces Latin American countries to accept unsuitable technologies on adverse terms, and that these technologies do not conform to the structure of their production activities and of their resources and do not create desirable structures of consumption.

A number of economists have estimated that losses resulting from the introduction of modern technology in forms that do not suit the concrete historical conditions of developing countries will have increased by 6 times between 1968 and 1980 and will then amount to 9 billion dollars.[2]

The transferring of modern technology by international

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[1] *Revue Tiers-Monde*, Vol. XVII, No. 65, January-March 1976, Paris, pp. 101-03.

[2] *Ibid.*

monopolies takes place very unevenly: most of it reaches relatively wealthy developing countries.

In a book entitled *One Hundred Countries. Two Billion People. The Dimensions of Development*, the President of the International Bank for Reconstruction and Development, R. McNamara, writes: "The poorest quarter of the population in developing lands is left almost entirely behind in the vast transformation toward the modern technological society." There are 500 million persons in developing countries following the capitalist road of development that belong to so-called marginal layers, these are "the wretched strugglers for survival on the fringes of farm and city".[1]

Actual economic and technical relations between developing countries and international monopolies have shown that the transfer of technology is more than merely a material process influencing production. It is a process that also influences the development of social relations. In countries following a capitalist road of development and depending almost entirely on international monopolies for acquiring technology, it is accompanied by the ruining and impoverishment of large numbers of working people and numerous material and social deprivations.

Practice has also shown that when former colonies and dependent countries, particularly those countries that follow a socialist road of development, carry out consistent and effective measures in controlling international monopolies, the latter are forced to retreat. In this connection it is important to generalize available experience in opposing international monopolies. This requires more comprehensive research not only into socio-political and economic phenomena resulting from their expansion, but also into deeper processes deriving from the operation of objective economic laws. One such law is the law of the uneven political and economic development in the age of imperialism, which operates even in the specific conditions that exist in developing countries. It seems evident that this problem merits a special study.

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[1] Robert S. McNamara, *One Hundred Countries. Two Billion People. The Dimensions of Development*, Praeger Publishers, New York, Washington, London, 1973, pp. 52-53.

CHAPTER III

INTERNATIONAL MONOPOLIES AS A FACTOR INTENSIFYING THE UNEVEN DEVELOPMENT OF DEVELOPING COUNTRIES

1. Private Monopoly Investments and the Uneven Development of Developing Countries

The basic economic conditions that lead to the operation of the law of uneven development in the zone of the colonial "periphery" emerged in the age of colonial empires when imperialist powers forcibly included their sources of agricultural products and raw materials into the sphere of international economic relations. In October 1917 Lenin wrote that it is not possible to speak "simply of 'drawing all peoples into one world economy'! As if all peoples were *equally* drawn into this one world economy! As if there existed no relationship of *bondage* between the uncivilized and the 'civilized' peoples precisely *on the basis* of 'all peoples' being drawn 'into one world economy'".[1]

In developing their neocolonialist strategy in relation to developing countries, imperialist powers have considered not only the great diversity of specific natural climatic, historical, national, cultural and ethnographic characteristics these countries possess, but especially those of their peoples' national liberation movements, relations among classes, and economic and political processes that intensify class differentiation.

A major condition for the reproduction of monopoly capital within the world capitalist economy and for strengthening the position of leading international monopolies is the export of capital. Within the capitalist world these monopolies have acquired large scientific and production capaci-

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[1] V. I. Lenin, *Collected Works*, Vol. 26, Moscow, 1964, p. 154.

ties and the overwhelming part of commodity flows and of readily disposable financial resources as well as licenses and patents, and have invested up to a third of their foreign capital in developing countries. It is symptomatic that in recent decades these investments have generally been increasing. This is taking place in complex and ambivalent conditions in which the position of foreign capital is either undermined or else sharply limited by the nationalization of the property of foreign monopolies (especially in extracting industries and in plantations) on the one hand, while on the other, international monopolies are "discovering" new spheres and levers of indirect influence on developing countries. In particular they take advantage for their own purposes of their striving to modernize their production potential through the achievements of the revolution in science and technology and to obtain a wider access to world markets for raw materials and for finished products.

During the last decade shifts in the West's policy of economic "assistance" have become increasingly apparent. While that policy retains its neocolonialist nature, it has become increasingly "commercialized" in the sense that an important share of that "assistance" is less and less distinguishable from the usual commercial terms on which private monopolies provide credit or particular services. In particular, imperialist governments increasingly coordinate their activities with international monopolies in carrying out their neocolonialist strategy in developing countries.

The role of international monopolies in world economic relations continues to grow in spite of intense rivalries. This points to the striving of state-monopoly capitalism to coordinate its policy in relation to developing countries at the international level in all major spheres of the world capitalist economy—commerce, the transfer of capital, financial and currency operations and the transfer of technological experience.

Imperialism places particular emphasis on extending the basis for its social support in developing countries and on finding allies among ruling circles of the emerging local bourgeoisie (which is sometimes itself monopoly) and big landowners, bureaucratic and technocratic elites, and reactionary army officers.

An increasing number of developing countries are rejecting capitalism and opting for the socialist orientation, with the aim of building an exploitation-free society. This includes Angola, Guinea-Bissau, Ethiopia, Madagascar, and others.

Progressive socio-economic transformations that are carried out in countries following a socialist orientation of development take place in concrete historical conditions. These differ both with regard to the scope and depth of these transformations and their revolutionary and democratic contents and consistency. The great majority of socialist-oriented countries are among the poorest ones in terms of their national income per capita. In spite of this, new progressive developments have taken place in these countries over a period of time that is historically short. They include a wider participation of broad masses of working people managing social affairs, improvements in the material and cultural level of the poorest layers of the population, the creation of free education system and medical services, and a variety of reforms, especially in agriculture, that seek to improve the welfare of working layers of the population in urban and rural areas, to further consolidate revolutionary forces, and develop scientific foundations for the ideological and political programmes of revolutionary-democratic parties that have declared that scientific socialism will serve as their ideological basis and play a leading role in guiding their country's overall socio-economic development.

The uneven character of development is increasingly visible in countries that follow a capitalist road of development. It influences both the development of their productive forces and the development of their national capitalism. While some of them have attained a moderate level of development their economies continue to display the far-reaching consequences of their colonial past.

In spite of widely advertised assurances of Western statesmen concerning the need to struggle against "general poverty" and to direct economic "assistance" to the "poorest countries" where 58 per cent of the population of developing countries is found, only 17.9 per cent of "development assistance" was in fact directed to that group of countries in the mid-1970s. While 15.8 per cent was sent (in 1975) to countries

representing 7 per cent of the population whose national income per capita was more than 1,000 dollars.[1]

Unlike earlier years when relations with foreign monopolies were often established within the framework of general agreements concerning "economic aid", representatives of a more developed national capital in a number of developing countries are now establishing direct relations with international private monopolies in order to create mixed companies with the participation of foreign capital.

It has been pointed above that before the 1970s direct private investments constituted one half of all private monopoly investments in developing countries of major capitalist powers. The picture changed in the 1970s in favour of portfolio investments: in 1976-1977 these investments were far greater than monopoly direct investments. This indicates that aside from direct control over industrial enterprises and other organizations, the largest international monopolies rely increasingly on hidden forms of control under arrangements that link them closely to local capitalists. Often these are already established monopoly associations seeking "place under the sun" on world capitalist markets for commodities, capital and labour power rather than simply junior capitalist partners of international monopolies. The rapid growth of portfolio investments appears to be also explained by such other factors as the increasing development of mixed companies in developing countries, the striving of international monopolies to rely more widely on local sources of accumulation, and the creation of international consortia and associations. A record of sorts was reached in 1977 when the portfolio investments of the countries represented by the Development Assistance Committee attained 13.0 billion dollars which was only 1.6 billion dollars less than the same year's development assistance.[2]

International monopolies are especially active in developing countries possessing medium or high levels of national income per capita.

This may be seen from the following data describing the direct investments of international monopolies of major capitalist powers.

[1] *Coopération pour le développement*, Paris, 1976, p. 272.
[2] *Ibid.*, 1978, p. 237.

Distribution of Direct Foreign Investments to Developing Countries in Terms of National Income per Capita[1]
(in per cent)

Developing countries with a national income per capita (1973) of:	Volume of investment at the end of 1974	Investments in 1974	Share of given group of countries in relation to all developing countries	
			population	gross national income
less than 200 dollars	11	7	58	20
between 200 and 374 dollars	12	8	12	9
between 375 and 699 dollars	16	19	11.5	16
between 700 and 994 dollars	28	24	11.5	26
1,000 dollars or more	33	42	7	29

During the first half of the 1970s more than three-fourths of all direct foreign investments were concentrated in developing countries possessing an average level of national income per capita of 375 dollars and more. One-third of all direct investments of international monopolies in African, Asian and Latin American countries were directed to countries possessing 7 per cent of the population and 29 per cent of the gross national income of all developing countries.[2] Even Western economists increasingly admit that the investments of international monopolies in developing countries produce greater economic losses than advantages. This is because the resulting profits that are then transferred are so much larger than the results that are achieved in developing national productive forces.

In this connection O. Bogomolov, a Soviet economist, observes that "an intensive process of socio-economic differentiation is taking place, as a result of which the gap between the poor and the rich in the non-socialist part of the world continues to grow. According to estimates of the Interna-

[1] *Coopération pour le développement*, Paris, 1976, p. 75.
[2] *Ibid.*

tional Bank for Reconstruction and Development the medium level of national income per capita expressed in constant prices will increase from 3,100 to 4,000 dollars in the leading industrial countries of the West between 1970 and 1980 while in the poorest developing countries, whose population is nearly a billion persons, it will only increase from 105 to 108 dollars".[1]

According to forecasts prepared by United Nations specialists between 1970 and 2000 the rate of growth of average per capita income in those African countries that do not possess petroleum resources will be 1.6 times lower than in the petroleum producing countries of Africa and the Middle East.[2]

The growing differentiation among developing countries that is taking place under the influence of a variety of internal and external factors is reflected in their balances of payments.

According to data prepared by specialists of the United Nations Secretariat's Department of Economic and Social Affairs between now and the year 2000 the balances of payments of developing countries possessing market economies are expected to develop (table, p. 151).

It follows from United Nations data that by the year 2000 the major part of anticipated deficits in the balance of payments of developing countries will refer to poor countries in Asia and Africa, and that after 1980 the deficit in the balance of payments of developing countries of Latin America will also greatly increase, particularly in those poor countries whose balance of payments was favourable in 1970.

These data (table, p. 152) indicate that the rate of exploitation of developing countries by international monopolies will continue to grow unless these countries will undertake decisive measures in opposing international finance capital. It is the poorest countries of Asia, Africa, and Latin America that are most threatened in this regard. It should be noted that according to this forecast, international monopolies

[1] *Kommunist*, No. 2, Moscow, 1978, p. 98.

[2] *The Future of the World Economy*, United Nations, New York, 1977, p. 3.

Balances of Payments of Developing Countries[1]
(billions of dollars, 1970)

Countries-regions	Years			
	1970	1980	1990	2000
Countries within each of the six regions including:	0.6	1.9	—45.7	—202.7
Latin America (countries possessing a medium average income per capita)	—0.5	—7.1	—21.6	—57.2
Latin America (countries possessing a low average national income per capita)	0.2	1.5	—9.8	—41.9
Middle East	5.3	18.4	27.6	4.5
Asia (countries possessing a low average national income per capita)	—4.2	—10.3	—36.0	—81.0
Africa (arid zone)	—0.6	—1.8	—7.3	—16.2
Africa (tropical zone)	0.4	1.2	1.4	—16.9
Profits on foreign investments exported from countries' of these six regions	—7.9	—12.4	—26.7	—65.5
Inflow of foreign investments	2.5	8.6	27.4	72.1
Difference between exported profits and inflow of private investments	7.9	11.0	13.0	6.9

will expand their capital exports to Latin American, Asian, and African countries after the 1980s (such countries as Bolivia, Ecuador, India, Pakistan and Egypt) so that their so-called economic assimilation by monopolies may permit substantial increases in the local reinvestment of profits. The poorest countries are practically excluded from markets for loan capital. In most cases international banking monopolies prefer not to grant them commercial credits because of their difficult financial situation. In addition the

[1] *The Future of the World Economy*, p. 64.

Inflow of Foreign Investments and Export of Profits from Developing Countries[1]
(in billions of 1970 dollars)

Countries-continents	Years			
	1970	1980	1990	2000
Latin America (countries with medium average income per capita)				
a) Inflow of capital	0.8	2.1	5.2	13.6
b) Export of profits	—1.3	—2.4	—5.3	—12.8
Difference: a+b	—0.5	—0.3	—0.1	0.8
Latin America (countries possessing a low average income per capita)				
a) Inflow of capital	0.7	1.6	5.5	17.4
b) Export of profits	—1.3	—2.2	—5.0	—14.1
Difference: a+b	—0.6	—0.6	0.5	3.3
Middle East				
a) Inflow of capital	0.3	4.1	12.9	35.6
b) Export of profits	—3.9	—5.7	—12.5	—31.9
Difference: a+b	—3.6	—1.6	0.4	3.7
Asia (countries with a low average income per capita)				
a) Inflow of capital	0.6	0.8	3.5	4.9
b) Export of profits	—0.8	—1.4	—3.0	—5.6
Difference: a+b	—0.2	—0.6	0.5	—0.7
Africa (tropical zone)				
a) Inflow of capital	0.12	0.03	0.19	0.36
b) Export of profits	—0.4	—0.5	—0.6	—0.7
Difference: a+b	—0.3	—0.5	—0.4	—0.3
Africa (arid zone)				
a) Inflow of capital	0.04	0.03	0.09	0.17
b) Export of profits	—0.2	—0.2	—0.3	—0.4
Difference: a+b	—0.2	—0.2	—0.2	—0.2

[1] *The Future of the World Economy*, p. 64.

rate of interest on such credits is so high that poor countries turn to them only in extreme cases.

The share made available to poor developing countries is becoming relatively smaller than that made available to countries with an income level that is moderately high (up to $ 1,000 per capita). Countries with high levels of income

Credits Made Available to Developing Countries by "Banking Syndicates" for Periods of One Year and More[1]
(annual average data)

Groups of Countries (in terms of GNP per capita)	Years			
	1971-1972		1975-1976	
	mill. doll.	per cent.	mill. doll.	per cent.
Oil importing countries	3,600	100	12,680	100
With low income levels	389	11	980	8
With medium low income levels	750	21	3,090	24
With medium high income levels	1,719	48	6,800	54
With high income levels	742	20	1,810	14
OPEC countries	1,304	—	3,445	—
Total	4,905	—	16,125	—

receive nearly twice the volume of credits that is received by the poorest developing countries, even though the latter are much more numerous.

As for the petroleum producing countries of the Middle East and Latin American countries possessing a medium level of average income per capita, the forecasts indicate that a certain levelling in the volume of inflow of foreign capital

[1] *Coopération pour le développement*, Paris, 1978, p. 135.

to that group of countries will take place after the 1980s by comparison with the volume of exported profits.

At a time when a revolution is taking place in science and technology and as international monopolies penetrate developing countries they are particularly interested in gaining control over such modern industries as engineering, chemicals, and electronics. They also seek to acquire key positions in these countries' export activities as well as their domestic markets. J. S. Colmenares, a Columbian Marxist economist, observes that "the situation is made even worse when foreign enterprises not only acquire control over a certain share of the domestic market but also acquire control over a share of the exports of finished goods".[1]

Some of the relatively large monopolies of developing countries emulate the behaviour of international monopolies of major Western countries. R. Vernon, an American specialist on multinational corporations, notes, "Today, the signs of multinational spread can be seen even among enterprises based in the developing countries, such as the enterprises of Mexico, India, Brazil and Taiwan."[2]

A high degree of monopolization of local capital exists in India. According to data prepared by the Reserve Bank of India 369 firms from a sample of 1,650 firms (22.3 per cent) own 75 per cent of all paid shares, 70.2 per cent of all assets, and 73.3 per cent of all profits (before taxes).[3] The assets of India's twenty largest monopolistic groups increased by four times between 1963-1964 and 1977-1978, and by 2.4 times between 1966-1967 and 1977-1978.[4] The American newspaper *National Herald* wrote on November 14, 1976, that the first meeting of an executive committee concerned with Indian-American economic affairs adopted a proposal that Indian and American firms join efforts in the construction of industrial projects in developing countries, particularly in the Middle

[1] J. S. Colmenares, *Los verdaderos dueños del país, Oligarguia y monopolios en Colombia*, Fondo Editorial Suramericana, 1977, p. 301.

[2] R. Vernon, "Storm Over the Multinationals: Problems and Prospects", *Foreign Affairs*, Vol. 55, No. 2, p. 244. Taiwan has been transformed by international capital in a "showcase", as it were. It fully controls its national economy and branches of international monopolies frequently operate under the names of local firms.

[3] *Patriot*, October 12, 1976.

[4] *BIKI*, No. 114, September 26, 1978; No. 123, October 14, 1978.

East and Southeast Asia. A special law was adopted in India in 1977 which states that foreign companies cannot own more than 40 per cent of the shares of local enterprises, and that these must be controlled by the Indian side. Exceptions are made, however, for firms whose output is geared primarily to exports.[1]

This position of India with regard to foreign investments clashes with the interests of American international monopolies who seek to bring about a greater liberalization of Indian legislation in relation to foreign investments.

The creation of a local state-monopoly capitalism is proceeding rapidly in Brazil during the last decade. US, West German and Japanese international monopolies take advantage of this in pursuing their own objectives.

A Brazilian parliamentary committee concerned with the activities of foreign firms has found that the share of such firms in the marketing of industrial output has increased from 29 to 43 per cent. They control 90 per cent of the sales of transportation equipment, 70 per cent of the sales of industrial equipment and 54 per cent of the sales of metallurgical products. A report published by the United Nations in 1978 concerning the activities of multinational corporations producing electrical equipment in Brazil has attracted considerable attention in that country. It indicates that the cartel that they have formed is seeking to bring about the bankruptcy of national companies through price manipulation procedures in order to gain control over that important sector of Brazilian industry.

A tangible shift has occurred in the structure of foreign investments in Brazil.[2] Since 1970 the volume of foreign investments has increased by 25 per cent each year (the share of the USA declined from 45 to 32 per cent, but those of the FRG and of Japan have continuously increased and

[1] There are 10 mixed companies in the United States in which Indian capital participates. Altogether, according to data for 1978, there were 92 mixed enterprises abroad in which Indian firms, from both the private and the state sector, participated, and 111 other firms were being formed. These include firms engaged in the production of pipes, pumps, diesel engines and various types of machines, as well as in light industry (*BIKI*, No. 114, September 26, 1978).

[2] It is in Brazil that West German monopolies have concentrated the major part of their direct investments in developing countries.

have attained 12 per cent and 11 per cent respectively, while that of Switzerland was 10 per cent; the remainder originated in Canada, Great Britain and France).[1]

The total volume of direct investments of foreign monopolies in Brazil was 12.2 billion dollars in March 1978. Of these 3.4 billion dollars were contributed by US monopolies, 1.5 billion dollars by West German monopolies, 1.2 billion dollars by Japanese, 1.2 billion dollars by Swiss monopolies, 546 million dollars by monopolies from Benelux countries, and 429 million dollars by French monopolies.[2]

In Brazil international monopolies control 99.8 per cent of the automobile industry, 100 per cent of the pharmaceutical industry, 74 per cent of the electronics and household appliances, 78 per cent of office equipment, 70 per cent of the production of rubber and plastic products, 70 per cent of the production of textiles, 64 per cent of the output of tobacco products and soft drinks, 61 per cent of products for the care of automobiles, 59 per cent of the output of equipment and machines, and 61 per cent of the gasoline distributing network. Large volumes of foreign loan capital are imported into Brazil in the form of private loans and credits. This increases the country's indebtedness still further.

In 1978 its external debt attained 40 billion dollars. At that time 8 billion dollars, that is 66 per cent of revenues from foreign trade, were paid to meet foreign debts.[3]

Simultaneously the external economic expansion of Brazilian monopolies continues to grow. It is expected that in the 1980s it will occupy a leading position in the capitalist world in exports of food products. Already now 1 million passenger cars are produced each year, most of which are exported into African and Middle Eastern countries. The export of shoes and of other leather wares, as well as of chemicals and some types of equipment is continuously increasing. Brazilian monopolies export their capital to countries of Latin America, Africa, and the Arab East.

Similarly, the United States has given considerable em-

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[1] *Le monde diplomatique*, January 1979, p. 14.
[2] *BIKI*, December 5, 1978.
[3] *U.S. News and World Report*, November 6, 1978.

phasis to relations with Brazil and during the second half of the 1970s announced a so-called new approach to countries of Latin America. In particular, it provides all types of military and political support and also channels capital and equipment into that country. American statesmen, including the former Secretary of State, H. Kissinger, have indicated that the USA will spare no efforts in order that Brazil join the ranks of the world's developed countries, by the end of the present century.

The USA's international corporations seek to make use of Brazil's monopolies to penetrate other Latin American countries, and in particular to undermine the Andean Pact. But it also makes use of them to oppose its Western European and Japanese competitors. The example of Brazil clearly illustrates the manner in which international and local monopoly capital merge and in which international monopolies that operate freely within the Brazilian economy constitute a specific type of domestic factor.

Similarly, international and especially US monopolies continue to play an important role in Mexico. The establishment of an industrial zone along Mexico's border with the United States in the mid-1960s has become a type of "tax haven" for American monopolies.[1] The methods that they employ in exploiting local workers include commitments to purchase American goods.

According to some estimates foreign investments in that country were approximately 15 billion dollars in 1976, of which three-fourths were invested in mixed enterprises. While Mexican monopolies also channel large investments into other developing countries, particularly in countries of the Caribbean Basin, a large flow of foreign capital into that country continues to take place.

Mass unemployment is one of Mexico's most serious problems: a million and a half persons are fully unemployed and 8 million are partly unemployed. This is more than one half of the entire able-bodied population.

These examples point to an intensifying monopolization process in a number of Asian and Latin American countries.

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[1] Between 1967 and 1972, the number of branches of international monopolies in that zone increased by 10 times, from 33 to 330. Of these 280 are American.

International monopolies seek to influence this process in all possible ways. In particular, they seek to turn local monopolies into "junior" partners as well as to integrate them into the economies of the relatively more wealthy developing countries or else rapidly industrializing countries.

2. The Recycling of "Petrodollars"

The overwhelming majority of the petroleum exporting countries associated with OPEC belong to the most "wealthy" developing countries. OPEC itself, which includes 13 petroleum exporting countries, is far from being homogeneous, both in terms of the economic position of these countries, and in terms of the nature of their political regimes. In this connection two countries should be noted, namely, Algeria and Iraq. They are successfully developing as socialist-oriented countries and play an active role in the struggle of developing countries for a radical restructuring of international economic relations on the basis of democratic principles of equal and mutually advantageous cooperation.

In the mid-1970s, 25 per cent of the currency reserves of the non-socialist part of the world were owned by petroleum producing countries. It should be noted moreover that the corresponding accumulation of currency reserves proceeds very unevenly: the greater volume of such reserves is owned by Saudi Arabia, which holds the second place in the world in this respect, after the Federal Republic of Germany, and has overtaken the USA, Venezuela, and Iran.[1]

It is widely known that Western powers are adopting measures to achieve a so-called recycling of the foreign currency reserves of petroleum producing countries into the currency and financial system of the developed capitalism. Both capitalist governments and major monopolies seek to acquire control over petrodollars. They do their utmost to channel these enormous funds to the West's economies rather than into the overcoming of the economic backwardness of petroleum producing countries. There they may take the form of shares in the capital of major monopolies or deposits

[1] *BIKI*, April 24, 1976.

in banks and international financial institutions that are under the West's control. In 1974-1976 alone 75 per cent of the surplus petrodollars were invested in industrially developed capitalist countries, 12 per cent were contributed to developing countries in the form of loans and credits, and 13 per cent were invested in international financial institutions.[1]

In their turn international monopolies invest their capital in petroleum producing countries in such industries as construction, mineral extraction, and petrochemical enterprises. In doing this they are least of all concerned with the interests of those countries. For example, Japanese monopolies are engaged in constructing petrochemical enterprises in Iran and Saudi Arabia with the participation of local capital. The output of these enterprises will be directed to African countries whose markets are already being "assimilated" by Japanese monopoly capital. In this connection Japan's Ministry of International Trade has been studying the possibilities of providing so-called united financial assistance to African states. This assistance is expected to cover increased imports of commodities from the Common Market countries, and thus help reduce anti-Japanese sentiments in these countries.[2]

Through a mutual interlinkage of interests with ruling elites and with particular layers of the local bourgeoisie in some of the developing countries major monopolies are seeking to achieve a "partnership" and "integration" with imperialism's former colonial periphery in the sphere of capital movements and economic and trade relations.

The alliance of international monopolies with local capital is also based on specific class and social relationships.

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[1] By 1977, according to the *OPEC Bulletin*, petroleum producing countries had invested 144 billion dollars into industrially developed capitalist countries, including 39 billion dollars in the USA and 74 billion dollars in other Western countries. In 1977 the revenue from direct investments of OPEC countries alone was three billion dollars. In that same year 16 per cent of all payments for foreign investments made in the United States were payments to OPEC member-countries (this figure was only 1 per cent in 1972) (*Survey of Current Business*. April 1978, p. 23).

[2] *BIKI*, May 20, 1977.

Towards the end of 1977, for example, following pressure from Saudi Arabia, the United Arab Emirates, and Kuwait, members of OPEC adopted a decision not to increase petroleum prices during the year. One of Saudi Arabia's ministers stated that this decision was associated with his country's concern for the Western world's "stability". In other words, Saudi Arabia did not want to see changes in the governments of France and Italy and a growing influence in the role of communist parties in these countries, not to mention their participation in these countries' governments.

Aside from petroleum producing countries it is the wealthiest developing countries that are the major recipients of commercial credit on world currency markets.

America's Chase Manhatten Bank has estimated that the total volume of credits received by developing countries in Eurocurrencies was 56 billion dollars at the end of 1975. In the first six months of 1976, of a total of 6.4 billion dollars of new credits, 1.8 billion dollars were directed to only two countries, namely, Brazil (1.1 billion dollars) and Mexico (0.7 billion dollars).[1]

The principal sources of credits in Eurocurrencies are the financial markets of such Western European countries as Great Britain, the Federal Republic of Germany, France, Benelux, Italy, Sweden, and Switzerland. Their turnover in 1975 was 205 billion dollars. In recent years, however, financial centres for currency operations have also appeared in developing countries, including Singapore[2] in Southeast Asia and Panama in Latin America.

The economy of Singapore has received substantial investments from international monopolies. The international capital that has been invested into that country's economy was estimated at 157 million dollars in 1965 and 3.5 billion dollars in 1976. Industrial enterprises belonging to foreign monopolies or else associated with them employ 65 per cent of the country's workers and produce 75 per cent of its total industrial output. The well-known American economist

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[1] *Coopération pour le développement*, Paris, 1976, p. 277.

[2] According to the Central Monetary Department, the number of transactions within the Asian dollar market with its main base in Singapore reached a record level of 25 billion dollars in 1978.

John Kenneth Galbraith has observed in *The Age of Uncertainty*: "In no place does one see the multinational presence so vividly as in the tiny city-state of Singapore. The great international corporations bring in the materials, bring in the fuel, finance the production, make the products, house and feed those who come to buy or sell and take the products away to market."[1]

Financial institutions from 20 countries of Western Europe, America and Asia are represented in Singapore, including American, British, Japanese, Indian, Thai, Dutch, and Indonesian organizations. The volume of yearly transactions on the Singapore market for Asian dollars is substantially less than that on the Eurocurrency markets, but it exceeds that of the Latin American market, whose centre is in Panama, where the volume of currency transactions is approximately 2 billion dollars per year. In 1976 during an eight-month period transactions totalling 15.3 billion dollars were effected on the market for Asian dollars in Singapore.[2]

Nearly 60 banks in Singapore accumulate Asian dollars. The major part of the corresponding flows originate in countries possessing a favourable balance of payments, such as Japan, the Philippines, and Malaysia. Another important source of capital is Singapore's Chinese bourgeoisie.

Both industrial and financial international monopolies derive enormous profits from financial credit operations provided on a strictly commercial basis on markets for Eurocurrencies as well as Asian and Latin American dollars, even though efforts have been made to represent this as one of the forms of economic "assistance" to developing countries. Between 1970 and 1975 the role of the international credit transactions of international monopolies within their total volume of investments has grown from 4 per cent to 20 per cent.[3]

Such financial institutions as the International Bank for Reconstruction and Development and the Western powers' government organizations concerned with problems of de-

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[1] John Kenneth Galbraith, *The Age of Uncertainty*, Houghton Mifflin Company, Boston, 1977, p. 276.

[2] *BIKI*, No. 12, 1976.

[3] *Coopération pour le développement*, Paris, 1976, p. 73.

velopment, that are providing "assistance" to developing countries and mobilize both government and private capital to be made available on a commercial basis, derive considerable advantages from these transactions. While the total volume of government "development assistance" in the form of credits on favourable terms has declined from 1.3 billion dollars to 0.9 billion dollars between 1973 and 1975, total credits provided by the organizations increased from 3.3 billion dollars to 4.5 billion dollars.[1]

Credit transactions are closely linked with international monopolies' portfolio investments. A large share of their portfolio investments is channelled to the purchasing of bonds issued by developing countries and by so-called development organizations. Between 1973 and 1975, approximately 34 developing countries issued bonds at the rate of approximately 0.9 billion dollars per year.

The indebtedness of developing countries has grown to vast dimensions and its rate of growth is 20-25 per cent per year (table, p. 163). Various estimates indicate that towards the end of 1976 the indebtedness of 86 developing countries with regard to government credits, including short-term credits, and also debts to private monopolies, ranged from 180 to 250 billion dollars.[2] Debts to commercial banks were 75 billion dollars of that total, including 45 billion dollars to banks of the USA. Nearly one half of the total were the debts of Brazil and Mexico.

It is expected that by 1980 the yearly volume of debt repayment of developing countries will attain 20 billion dollars.

Individual representatives of the local monopoly bourgeoisie and oligarchic reactionary elements of a number of developing countries also receive substantial profits from portfolio and credit operations. This form of investment

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[1] *Coopération pour le développement*, Paris, 1976, p. 79.

[2] The largest indebtedness in 1976 was that of Brazil (15 billion dollars) followed by Mexico (14 billion dollars), India (12 billion dollars) and Egypt (7 billion dollars). (*Foreign Affairs*, July 1977, pp. 717, 734). The external indebtedness of developing countries importing petroleum increased by more than 4 times between 1967 and 1977 (from 41.6 billion dollars to 205 billion dollars). (*Coopération pour le développement*, Paris, 1978, p. 25).

Total Debt Repayments of Developing Countries for Credits

(billions of dollars)

	1976	1977	1980 (estimated)
Brazil	2.5	3.2	5.7
Mexico	1.1	1.9	3.0
Turkey	0.2	0.2	0.4
Philippines	0.5	0.65	0.9

in developing countries is viewed by international monopolies as one of the most acceptable forms for achieving agreement with the local bourgeoisie on the basis of capitalist market forms of participation in common financial and other operations. It constitutes a basis for consolidating their class and political alliance.

As the struggle for national liberation enters a new stage it is marked by an increasing opposition of liberated peoples to international monopolies and to their strategy of class and social "partnership" that seeks to camouflage the neocolonialist strategy of state-monopoly capitalism.

In recent years a number of Western observers have frequently stated that the new export prices on petroleum that have been established by countries belonging to OPEC harm many millions of energy consumers in their countries. But for understandable reasons they fail to note that these consumers buy energy resources (for example, gasoline, natural gas, and electrical energy produced on thermal power stations employing petroleum) not at export prices (world prices) but at retail prices that are established by international petroleum monopolies with the consent and support of bourgeois governments who add a diversity of taxes. Between 1973 and 1975 the prices of fuel oil were increased from 107 to 181 dollars per ton in Western Europe. (This is over twice as high as the oil export price).

The greatest advantages from such operations are derived by United States international monopolies occupying a do-

minant position within the oil cartel of the Seven Sisters. In the opinion of the American journal *International Affairs*, the fourfold increase in oil prices has helped reduce the deficit in the US balance of payments, for this increase has created "a vastly expanded market for American products in the Middle East, accelerating the recovery of the United States economy into a new period of growth and more than off-setting the additional bill for imports of oil".[1]

It will be shown below that one of the major factors that have helped the United States achieve a positive trade balance with a number of OPEC countries, for example, Saudi Arabia, was the sale of armaments to it in 1976 and in 1977.[2]

Between 1974 and 1976 the revenues of members of OPEC from the sale of petroleum totalled 142 billion dollars.[3] The petrodollar surplus in these countries increased from 5 billion dollars in 1973 to 42 billion in 1976. During 1977 the dollar revenues of OPEC countries attained 75 billion dollars. In 1977 the total investments of this group of countries in other countries were 160 billion dollars, of which 42 per cent originated in Saudi Arabia, 20 per cent in Kuwait, 14 per cent in Iran, and 10 per cent in the United Arab Emirates.[4] By the beginning of the 1980s, according to certain estimates, their total foreign currency accumulations may attain 300 billion dollars.[5]

Petrodollars are partly employed to carry out a diversity of projects in industrial, technological, infrastructure, and in urban construction. But as E. de Clairemont observes, "a large volume of petrodollars was used to purchase sophisticated armaments and luxury goods that had nothing in common with real economic transformations".[6]

In 1976 Saudi Arabia's foreign currency reserves were nearly 53 billion dollars, that is 12 billion dollars more

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[1] I. Smart, "Oil, the Super-Powers and the Middle East", *International Affairs*, Vol. 53, No. 1, London, January 1977, pp. 28-29. (Quoted from *Le monde diplomatique*, April 1977, p. 9).

[2] *Foreign Affairs*, January 1977.

[3] *The Department of State Bulletin*, January 24, 1977, p. 63.

[4] *Problèmes économiques*, November 29, 1978, p. 22.

[5] *Der Spiegel*, April 11, 1977.

[6] *Le monde diplomatique*, December 1975, p. 4.

than in 1975. As in preceding years a large part of this sum was invested in banks in the United States and in American bonds, thus yielding substantial profits to US monopolies. It is known that Saudi Arabia, on whose territory approximately 425 million tons of petroleum were extracted in 1976, has been a "restricted area" of ARAMCO, the American international oil consortium for nearly 50 years. This consortium belongs to four international petroleum monopolies, namely, Exxon, the Standard Oil Co. of California, Texaco Inc. and Mobil Oil Corporation.

The negotiations that led to the acquisition of all 100 per cent of ARAMCO's shares by Saudi Arabia lasted for a long time and in 1978 they were purchased. At the same time the quantity of petroleum and prices at which it is to be sold to American firms were established, as well as the minimum price at which the Saudi state petroleum firm, Petromina, should sell petroleum to third countries.

The Arab *Al-Medina* wrote on this score that this step would preserve the American company's empire while "weakening it neither in the sphere of extraction nor in the sphere of marketing".

It is widely known that during the first half of 1977 the OPEC member-countries were expected to raise the prices of their petroleum by 10 per cent, and then, after the 1st of June of that same year, by still another 5 per cent. Saudi Arabia and the United Arab Emirates did not support that decision and limited themselves to a 5 per cent increase in the price of crude oil. Such a policy produced a situation in which there occurred a sharp increase in the demand for Saudi petroleum during the first half of 1977, which was purchased in large volumes by America's petroleum giants (including purchases to create market reserves).[1]

In June 1977 *Newsweek* referred to the existence of a secret agreement between the USA and Saudi Arabia concerning financial, economic and military matters that had been concluded as early as 1975 and confirmed by President J. Carter three weeks after he assumed office.

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[1] The total value of the contracts that were concluded by Saudi Arabia with American firms by the end of 1976 was 16 billion dollars (*New York Times*, February 18, 1977).

According to its terms Saudi Arabia pledged itself to invest the greater part of the foreign currency that it receives from the sale of petroleum (up to 50 per cent) into long-term American Treasury bonds at 7.5 per cent per year for 25 years. These investments are a form of support of the United States currency and financial system which is suffering from a chronic budgetary deficit. Saudi Arabia has also pledged to employ the interest received from these bonds to buy military equipment in the USA.

The agreement also contains a special clause stating that until 1984, Saudi Arabia pledges not to permit increases in the established price for its petroleum of more than 5 per cent a year.

The West's major petroleum monopolies and especially members of its "oil cartel", have shown evident interest in maintaining high prices for petroleum. Even though a broad wave of nationalization of petroleum deposits in countries of the Arab East and Latin America has deprived them of a direct right of control, they continue to hold levers of indirect influence on petroleum producing countries (such as the transportation, processing, and marketing of petroleum products, supplies of petroleum equipment).

At the summit meeting in Bonn in the summer of 1978, the President of the United States, J. Carter, promised that the American prices for oil would be brought to world levels by 1981.[1] Officially he expressed his "regret" that at the meeting in Abu-Dabi at the end of 1978 a decision had been taken to increase the purchase price of petroleum in 1979 by 14.5 per cent. Actually it increased by a greater amount, partly as a result of the revolutionary events in Iran.

At the same time the US President intends to discontinue the regulation of prices for locally produced oil. This will yield an additional profit of 13 billion dollars a year to American international monopolies.

In spite of the fact that the profits of the largest international petroleum giants "the Seven Sisters" (including the American five) have increased by one and a half to two times between 1974 and 1977, they expect to receive financial support from IBRD for the exploration of new oil deposits.

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[1] *Newsweek*, January 8, 1979.

A new programme of the IBRD comes into effect after 1980 for making credits available to developing countries for exploring deposits of energy raw materials, including oil and gas exploration activities. It is expected that by 1983 the yearly volume of such credits will reach 1.5 billion dollars (of which 1.23 billion will be earmarked for the exploration of deposits and the extraction of oil). Until recently, the volume of such credits was 10 times less.

These credits will cover 20 per cent of the expected costs of projects. They will be granted for 10 years, with favourable terms for a definite period of time. They may be eventually refinanced with IBRD credits granted directly for extraction of fuel. At the same time such credits will be granted for a period of 15-20 years at a yearly interest rate of 7 per cent. Press reports indicate that the IBRD programme was met with approval by the government circles of most industrially developed capitalist countries and by many directors of the world's major oil monopolies who view it as a possible means for solving their problems through access to alternative sources of energy resources.[1]

International monopolies also channel the capital of petroleum producing countries to set up a variety of commercial banks and funds that are active in Africa, Southeast Asia and Latin America as well as in the Middle East. In 1975, for example, the government of Kuwait's total foreign investments were 12 billion dollars, of which 8.5 billion dollars were invested at commercial rates, producing a profit of 850 million dollars in that very same year. It has been estimated that in ten years Kuwait's foreign investments will be 80 billion dollars, and that corresponding revenues will equal earnings of foreign currency from petroleum exports in 1975, i.e. 7.5 billion dollars.

Representatives of financial circles of Saudi Arabia, Kuwait and the United Arab Emirates play an increasingly visible role in the West. A businessman from Saudi Arabia, Adnan Khashoggi, who is president of Triad Holding Corporation, with headquarters in Luxemburg, has invested 50 million dollars in banking and industrial enterprises in the USA. Another citizen of Saudi Arabia, Akram Ojjeh,

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[1] *BIKI*, No. 12, January 30, 1979.

who is president of Tag International, also with headquarters in Luxemburg, has acquired the ocean liner *France*. His compatriot Ghaith Pharaon has gained control over the National Bank of Georgia in the USA, and has acquired shares in Occidental Petroleum. In addition, through the Saudi Arabian Redec Company, he owns 49 per cent of the shares of Société Nationale de Construction, a French company that is engaged in construction activities in Djeddah over an area of 20 thousand square metres.

According to data of the US Chamber of Commerce direct investments of OPEC countries in the USA were 190 million dollars in 1976 (0.6 per cent of the total volume of foreign investments). In the FRG they were 1.1 per cent at that time.[1]

Capital from such countries as Saudi Arabia and Kuwait is exported in various forms to countries of the Arab East and, before the Camp David Agreement, above all to Egypt, which announced an "open door" policy. As a result its external debt attained 12 billion dollars in 1978. This is 300 dollars per head of population, which exceeds annual average per capita income. Various funds created to support Egypt with the active participation of Saudi Arabia merely open additional profitable spheres for investment in that country. In its October 1976 issue, the Egyptian journal *Al-Talia* wrote that Egypt's "open door" policy had not yielded any perceptible increase in production. Foreign monopolies, the journal wrote, had not carried out a single modern large-scale project. Instead, they directed funds to foreign banks. "Arab capital", too, preferred to avoid financing development projects in Egypt and shifted instead to buying up real estate, especially land. Similarly, on August 14, 1977, commenting on the low effectiveness of Egypt's "open door" policy, the Egyptian newspaper *Al-Akhbar* wrote that one of its consequences was "a continued decline in the standard of living".

As a result of the anti-popular home and foreign policy of the reactionary Shah's regime Iran, too, had been in-

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[1] *Problèmes économiques*, November 29, 1978, p. 24.

creasingly involved into exchanges of capital within the framework of the world capitalist economy. In recent years its economic development had been marked by high rates of growth in gross national product (14-15 per cent). In particular, Iran exported capital to many developing countries as well as to industrially developed capitalist countries, largely in the form of government investments. In its issue of January 12, 1976, *U.S. News & World Report* reported that an agreement had existed between the USA and Iran, according to whose terms Iran had intended to invest 15 billion dollars into the American economy. This figure equals all the foreign investments in American industry in 1972. Foreign investments in Iran increased by 300 times between 1970 and 1974 to 2 billion dollars.

Close financial and economic ties were established between Iran and the Common Market countries. A third of Iran's exports until recently were directed to these countries while 45 per cent of its imports originated there. Iran has provided to France and Britain billions of dollars of credits. West German monopoly capital embodied in such leading companies as Daimler-Benz and Krupp was attracting Iranian capital to purchase a share of their stocks.

But such a reliance on capital from developing countries to finance not only branch activities but also activities of West German parent firms does not imply a loss of control over these companies by West German capital. On the contrary, by attracting the capital of developing countries to exploit workers in the Federal Republic of Germany, they establish a political and economic class alliance, as it were, that creates additional possibilities for exploiting the natural and human resources of developing countries during the next decades. Such a pattern of capital transfers inevitably impedes the implementation of important socio-economic transformations in developing countries, for that part of the local bourgeoisie which is associated with international monopoly capital opposes them.

The Iranian "economic miracle" had brought enormous profits to international monopolies and to the military-industrial complex of the USA and of a number of other imperialist powers. There were 350 branches of American monopolies in Iran, while investments were estimated at

12 billion dollars.[1] Iran was the only country to exercise a direct "oil-weapons" exchange.

A growing social inequality and accumulation of wealth by a handful of parasitic social sections accompanied by impoverishment and famine among many millions of people developed behind the flow of petrodollars into the safes of the Shah and his camarilla (it has been estimated that 13-15 billion dollars plundered by the Shah from the Iranian people are held in Swiss banks alone).

The Shah's regime was brought down by the popular revolution of early 1979. The new leaders who came to power in Iran announced that in the future oil deliveries would by-pass the services of the earlier international consortium and that all revenues from its exports would be employed to support the country's development.

The future will show whether it will be possible to carry out these very important democratic initiatives, particularly since international monopolies have not laid down their arms. External as well as internal forces of reaction are seeking to recover the positions that they have lost.

At the same time the revolutionary events in Iran have shown that ever new and broadest politically conscious forces, including religious ones, are being drawn into the struggle against imperialism. It is difficult to overestimate the importance of the actions of petroleum producing countries that brought to an end a long dominance by "states within states"—that is of petroleum magnates, and which have enhanced both the national consciousness of newly-independent peoples and their determination to continue their struggle until they are fully liberated from imperialist dominance and until fundamental transformations on the road to social progress are carried out.

The French journal, *Nouvel observateur*, notes that "while there exists enormous surplus of capital in the petroleum producing countries of the Persian Gulf, countries of the Third World which are deprived of petroleum resources find themselves in a state of growing poverty each year. These differences in conditions were bound to create an

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[1] *Newsweek*, January 15, 1979, p. 38.

element of political and financial tension in relations among different parts of the Third World".[1]

OPEC countries assign substantial sums to economic assistance to other developing countries. In 1977 they contributed approximately 50 per cent of the total government assistance that was directed to these objectives by the Development Assistance Committee countries. During that same year the total assistance made available by OPEC members on favourable terms was 5.7 billion dollars, while more than 2 billion dollars were made available to developing countries on traditional commercial terms.[2] The assistance provided by OPEC countries has been geographically concentrated on a small group of developing countries: prior to 1979 Egypt received approximately one-third, and together with India, shares one half of all assistance. More than 10 per cent is received by Syria, followed by Jordan and Oman.

A great number of projects and proposals were developed in the West in order to channel OPEC capital into the industrially developed capitalist countries' overall strategy of "economic assistance". There are persons in the capitalist world who would like to see a situation in which "the developing countries would help developing countries" while decisions concerning programmes of assistance would continue to be taken by the West.

In the spring of 1973 a so-called Trilateral Commission was established. It included 180 representatives of the largest monopolies of the USA, Western Europe, and Japan as well as prominent political leaders, political scientists and economists. US President Carter, who was then a Senator, participated in the work of that Commission, as did a French economist R. Barre, who is currently Prime Minister of France. Its chairman was Z. Brzezinski, now Assistant to the President of the United States for National Security Affairs.

A special working group was established within that Commission composed of R. Gardner, an American Professor, S. Okita, the President of Japan's Fund for Economic

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[1] *Le nouvel observateur*, November 22-28, 1976.

[2] *Coopération pour le développement*, Paris, 1978, pp. 24, 280.

Development, and B. Udink, the former Minister of Development Assistance of the Netherlands. This group produced recommendations concerning the manner in which the capital of OPEC countries should be employed. Their report proposes a "trilateral system of a new type", under which the foreign currency that OPEC member-countries receive from Western powers in payment for petroleum exports will be lent to developing countries in the form of long-term loans. The latter will then employ them to pay for imports from industrially developed capitalist countries. It follows from the report that this system will influence exports, employment, and incomes in a number of ways and contribute to a mutual improvement in the balances of payments of both developed and developing countries. At the same time in order not to increase the volume of funds assigned to developing countries for economic assistance, Western powers could borrow money from OPEC countries at commercial rates (for example 8 per cent per year) and then provide them to developing countries on favourable terms (3 per cent). In the authors' view the corresponding subsidy of 5 per cent should be met through contributions from the International Bank for Reconstruction and Development and industrially developed capitalist countries (two-thirds of that sum) and by OPEC countries (one-third).[1] Such is the role assigned to OPEC by Western countries in matters of economic "assistance" to developing countries.

OPEC member-countries are well represented in various banking, financial and investment organizations in which surplus petrodollars are made available to developing countries largely on commercial terms.

Before April 1976 the principal financial organization concerned with the allocation of OPEC's financial resources among developing countries was the Oil Pool, which operated within the International Monetary Fund. During the two years of its existence a total of 2.5 billion dollars were lent (largely to developing countries importing petro-

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[1] R. Gardner, S. Okita, V. Udink, *OPEC, Industrieländer Dritte und Vierte Welt. Vorschläge für neue Formen der Zusammenarbeit in den Jahren 1976-1980*. Europa Archiv, Bonn, March 10, 1975, pp. 145-48.

leum and possessing large deficits in their balance of payments).

Similarly the International Bank for Reconstruction and Development plays an important role in distributing currency reserves of petroleum producing countries among affected developing countries. In 1974-1975 OPEC countries acquired over 2.1 billion dollars worth of bonds issued by that bank.

One of the major depositors in the Inter-American Development Bank is Venezuela, which has given it credit to the sum of 0.5 billion dollars in 1974.

OPEC countries also provide direct financial assistance to other developing countries through many banks and funds that they have created. These include the Arab Bank for Economic Development in Africa, the Islamic Development Bank, the Special Arab Assistance Fund for Africa, and the Arab Fund for Economic and Social Development.

In January 1976 OPEC established a special fund. Its capital was 800 million dollars, contributed by 11 countries. Indonesia and Ecuador do not participate in this fund. These financial resources are made available on favourable terms in the form of long-term interest-free loans. It represents a first independent effort at coordinating the activities of OPEC countries in providing assistance to developing countries.

In recent years OPEC countries have established special firms to export capital to developing countries that are importers of petroleum. In particular the Arab Investment Co was established in 1974 with a capital of 1.1 billion dollars. Similarly Arab Investments for Asia operates in Singapore. A syndicate of financial institutions from countries of the Middle East (whose members include the Arab Financial Corporation of Saudi Arabia and the Kuwait Investment Company among others) has recently purchased 2.5 billion dollars in state bonds issued by Brazil. This was the first time that such investments were made without the participation of financial centres of industrially developed capitalist countries.

Some of the ruling circles of petroleum producing countries have openly committed themselves to anti-communist and anti-Soviet position, and link loans and gifts to a num-

ber of developing countries to an agreement on their part to interrupt or else not to carry out progressive socio-economic transformations. The nouveaux-riches who have recently acquired their wealth on the basis of the petroleum boom associate themselves closely with international monopolies and seek to invest their capital in shares and bonds, real estate, and hotels. They have also displayed a growing interest in investing their capital in various enterprises in developing countries as well as in industrially developed capitalist countries.

The Programme of "Financing Guaranteed Development" that was widely advertised in the West during the second half of the 1970s was not at all concerned with providing development credits to the poorest countries on favourable terms. This was admitted in the 1976 Report of the OECD's Development Assistance Committee. Because their access to the markets for private capital was limited, these countries turned to "guaranteed development" only on a modest scale.[1]

A policy of priority "assistance" to the economically less developed developing countries was announced by the International Bank for Reconstruction and Development. The Bank announced that it will concentrate its lending operations and its so-called free technical assistance to agricultural activities, since these play a vital role. What there took place in fact, however, is the following: more than 80 per cent of the 332 million dollars allocated to agriculture in 1975, for example, were received by such countries as Mexico (146 million dollars), Argentina (89 million dollars) and Brazil (40 million dollars). These resources were directed to the development of material and technical base for capitalist farming and of industrial forms of agricultural production. The poor and the poorest layers of the peasantry in these countries were not able to benefit from the Bank's "assistance".

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[1] *Coopération pour le développement*, Paris, 1976, p. 17.

CHAPTER IV

THE SOCIO-ECONOMIC CONSEQUENCES OF THE EXPLOITATION OF WORKING PEOPLE IN DEVELOPING COUNTRIES BY INTERNATIONAL MONOPOLIES

1. Old and New Forms of Exploitation

The ways in which international monopolies influence the socio-economic processes occurring in developing countries are diverse. We have already considered how much they influence the development of productive forces, the execution of economic plans, and the role of developing countries in the international division of labour. The contradictory character of these strategies of monopolies derives from their very nature: they emerge within the framework of national imperialisms and engage in an unceasing struggle with each other, but at the same time they seek to extend and consolidate their positions primarily on a class and social basis. In such a context they coordinate their policies not only at the level of individual regions and zones, but also of that of the world capitalist economy, as they create integrated economic and financial structures and initiate joint measures in struggling against world socialism and the forces of national and social liberation.

It would appear that never before have international monopolies and the imperialist states that are closely associated with them given so much attention to former colonial and dependent countries. This represents a specific type of response to the growing role of developing countries in world political and economic affairs. Attempts are being made, moreover, to develop strategic and tactical positions that relate to the socio-economic approaches adopted by particular countries for achieving their development. The socialist-oriented countries are not "cut off". On the contrary, the specific features that characterize their development are taken into account, as are the difficulties of overcoming

their age-old backwardness, of participating in the world capitalist economy, and of solving problems that arise as they progress towards their objectives.

A similarly differentiated and adaptive approach is followed by international monopolies in relation to those developing countries that are following the capitalist way. There are two basic groups of these countries: countries with a medium level of capitalist development that are still dependent on centres of imperialism, and countries where capitalism is still at a low level of development and that are targets of expansion of both monopolies of industrialized capitalist countries and state and private capital exported from countries that have attained a medium level of development of capitalism, or of "wealthy" developing countries.

International monopolies and imperialist states seek to take advantage of contradictions and conflicts that arise among developing countries, including those that result from the unequal character of their development. A differentiation of classes and a class struggle is increasingly evident within developing countries. The intensive development of capitalist relations in a number of such countries during the past 10 to 15 years has been accompanied by a growth of exploiting classes, an increasing wealth of privileged upper layers, and an impoverishment of wide masses of the labouring population.

The expansion of international monopolies in developing countries frequently acquires the form of a "partnership" with the local bourgeoisie in exploiting natural and manpower resources. The well-known US futurologist, Herman Kahn, announces in one of his forecasts for the next 200 years an increasing development of mixed corporations in Asian and Latin American countries and in other regions.

"If this kind of opportunity can be made more generally available, it will probably do more to expedite the development and increase the standard of living in both the developed and the developing nations than almost any other single program we know of. To be sure, such a program must be designed with care and carried through with some intelligence and flexibility to prevent either excessive dislocation or excessive dependence in both the developed and the less-developed worlds. There would have to be, on the one hand,

protection of certain important industries and hedging against activities, like those of the Organization of Petroleum Exporting Countries (OPEC), perceived as 'hostile' and, on the other hand, protection against instability and excessive influence. For example, it would not be in the interest of the United States to 'export' 90 percent of its steel and automobile industries, an unlikely but possible outcome if this process were allowed to continue for decades without controls. However, the gradual export of about a third of these industries would probably be viable."[1]

What is it then that so concerns American futurologists? First, the growing intensity of the struggle of developing countries against international monopolies. For one of the main foundations of the world capitalist economy is a type of international division of labour in which a dominant monopolistic position is occupied by the finance capital of a small number of imperialist powers. Under present conditions international monopolies are a leading force receiving the active support of bourgeois states in seeking to preserve the foundation of the existing international division of labour. They seek to do this by modernizing it only to the extent that this meets the needs of a further extension of capitalism. This makes it necessary to consider the interests of the local big bourgeoisie and in a number of developing countries, of monopolistic bourgeoisie.

International monopolies openly refer to the activities of OPEC countries as "hostile" whenever they are distinctly anti-imperialist in character. They are clearly unhappy at seeing developing countries join their efforts against foreign interference and dictat. At the same time they are concerned by the prospect, which they describe as not very likely, of an excessively large concentration of productive capacities in developing countries in such leading economic sectors concerned with means of production as the automobile and steel industries.

At the same time they are unanimous in agreeing that that form of penetration of international monopolies in

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[1] H. Kahn, W. Brown, L. Martel, *The Next 200 Years. A Scenario for America and the World*, William Morrow and Company, Inc., New York, 1976, p. 40.

developing countries is currently the most appropriate one. They then assume that it will contribute to an acceleration in the rate of development and to increasing standards of living in both developed and developing countries to a greater extent than would, for example, Western programmes of economic assistance.

The establishment of mixed enterprises is by no means the only form through which multinational corporations export capital as direct investments into developing countries.

Of course, international monopolies seek to place their capital in developing countries with the more favourable investment climate. In particular, some developing countries create so-called open export zones to attract international monopolies, as for example, in the zone adjoining the US border in Mexico, in Masan (South Korea), where there already were 115 foreign firms by the mid-1970s, Penang (Malaysia), and Bombay (India). But such zones are not the only factor that attracts foreign capital.

A major element attracting international monopolies to developing countries in recent years is the possibility of receiving large profits resulting from differences in costs of production among countries attributable to the level of wages, to raw material prices and to legislation relating to the environment. These differences result from the unequal development of capitalism in the various branches of its world economy. They exist in spite of the fact that in the 1970s there has been a trend towards the internationalization of conditions of profitability and towards a levelling of costs of production.

That is confirmed, for example, by the case of the partial shift of US firms producing clothes and shoes to Central American countries. In particular, cut cloth is sent by charter planes to Costa Rica, where the minimal wage is 36 cents per hour, while the firm pays 50 cents to these workers. This, however, represents only 20 per cent of the hourly wage in the United States.

The importance of the advantages that may derive from a partial shift of production activities into developing countries may be judged from the following figures. The cost of producing 1,000 components of radio receivers from Western

European materials is 670 dollars in Europe itself, and 188 dollars in countries of Southeast Asia. The reallocation of the assembly activities of Rollei-Werke, West German monopoly, to Singapore made it possible to reduce prices on photographic equipment by nearly 25 per cent.[1]

American researchers R. Barnet and R. Müller estimate that on the whole, the reduced costs of production by international monopolies derived from low wages in developing countries are 20-30 per cent.

It is in electronics and instrument-making that the advantages of relocating labour-intensive production activities have been especially marked. While on the whole these industrial sectors are capital-intensive, some stages of production continue to be labour-intensive. In a number of processes alternative technologies require more labour at lower wages. A comparison (for 1969) of the levels of hourly wages in the US and foreign enterprises of major corporations in electronics is presented below (these figures are in dollars and include payments for overtime).[2]

	Hourly wages in foreign branches of US monopolies	Hourly wage payments in the USA	Ratio of hourly wages in the USA and abroad
Semi-conductors			
Singapore	0.29	3.22	11.1
Hong Kong	0.28	2.84	10.1
South Korea	0.3	3.32	11.1
Jamaica	0.3	2.23	7.4
Mexico	0.61	2.56	4.2
Japan	1.3	2.96	2.3
Consumer electronic products			
Hong Kong	0.27	3.13	11.6
Mexico	0.53	2.31	4.4
Japan	0.58	1.6	2.8

[1] *The Wall-Street Journal*, May 11, 1972, p. 1.

[2] *International Subcontracting Arrangements in Electronics Between Developed Market-Economy Countries and Developing Countries*, United Nations, UNCTAD Secretariat, New York, 1975, p. 19.

While it was not possible to fina more recent data on international comparisons of wage levels in the electronics industry a number of estimates indicate that differences have increased during the 1970s.

As wages have increased in some of these countries (between 1969 and 1974, the hourly wages increased from 0.29 to 0.57 dollars in Singapore and from 0.28 to 0.6 dollars in Hong Kong) the corresponding gap in relation to wages in the United States increased even more. This is because the rate of increase in wages in the USA was more rapid than that in developing countries. At the same time differences in the productivity of labour in these two groups of countries are declining. In particular the wages that West Germany's Volkswagen pays to local workers in foreign countries are 30 per cent of those of their fellow workers in the FRG. In this connection that corporation's former Chairman R. Leiding has cynically observed that "during the time that I need to receive one mark in the FRG I can easily pocket five marks in Brazil".[1]

That corporation is extending its activities in Latin American countries at the same time that it "modernizes" its enterprises in the FRG. Between the end of 1973 and September 1975, nearly 32 thousand of its workers in West Germany were dismissed. But between December 1973 and April 1975 the number of workers on enterprises belonging to Volkswagen in developing countries increased from 8 thousand to 50 thousand persons.[2]

Because many of the production units in developing countries are primarily engaged in the production of labour-intensive items in electronics, household appliances and ready-to-wear clothing, female labour as well as labour of teenagers and children is widely employed. In Mexico's so-called "export border zone" along its border with the USA, where international and especially US monopolies have located 250 enterprises, 40,000 workers are employed of which 80 per cent are women between the ages of 16 and 25 who receive much lower wages than do men performing the same work.

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[1] *Unsere Zeit*, January 3, 1975.

[2] Quoted in: *Contemporary International Monopolies*, Moscow, 1978, p. 333 (in Russian).

Multinational corporations also relocate production activities because of tactical considerations relating to their struggle against workers and the trade union movement. In particular they often duplicate certain types of production activities in order not to yield to the demands of workers in industrialized countries and to be able to close enterprises and announce lockouts.

Imperialist states lend their support to transfers of capital to economic sectors and regions of developing countries by international monopolies. In particular, special provisions were adopted within the US Tariff Code (items 806, 30 and 807) that are designed to encourage the rapid reallocation of US capital and exports of commodities. They specify that whenever US-made products in the form of components and parts are sent abroad to be assembled or further processed the resulting goods produced abroad may be re-exported into the USA after paying duty on only the value added by foreign labour, which is usually paid very little. These are the articles that make it profitable for US firms to produce clothing in Costa Rica and assemble electronics in Southeast Asia, for example. As a result of these provisions of the tariff legislation relevant US imports have increased from one billion dollars in 1966 to 2.8 billion dollars in 1971,[1] and a number of estimates indicate that this has subsequently more than doubled towards the end of the 1970s.

It is important not to attribute the exportation of capital exclusively to a striving for the highest possible rate of profit even though this is a major inducement. This has been analyzed by Lenin.[2]

At the present time the corresponding factors have become even more important. It has already been emphasized that the present stage of activities of international monopolies is marked above all by a shift of their expansion to the international level, i.e., to the framework of the overall world capitalist economy. Accordingly, the profits that

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[1] Robert B. Stobaugh, *Nine Investments Abroad and Their Impact at Home*, Harvard University Press, Cambridge, Massachusetts, London, 1976, p. 85.

[2] V. I. Lenin, *Collected Works*, Vol. 22, pp. 243-44; Vol. 26, pp. 165-66.

are derived in a particular country in which capital is invested form a part of the maximal profit of international monopolies. The latter constitutes a sum, as it were, of the overall volume of surplus value received from a complete cycle of production and sale of the given product. International monopolies possess much freedom to manipulate their investments at the international level and judge their activities in terms of the final result. It follows that at any particular time they are able to compensate lower rates of profit in some countries by higher rates in others.

Another important feature of international monopolies concerns their ability to "shift" crisis situations to different capitalist countries, and especially to developing countries and to create favourable investment climate in these countries, both in terms of concessions on the part of local ruling circles and in terms of utilizing the advantages of their monopoly position in the world capitalist economy. It is precisely these advantages (their possession of the newest technology, and of modern methods of organizing labour and managing production activities), together with favourable conditions for exploiting local labour power, raw materials and local sources of credit, that permit them to obtain larger profits per unit of investment abroad than foreign investments in the country in which they are located.

US economist R. Vernon emphasizes that a similar outcome may be expected even in cases in which the exploitation of particular local resources is expensive, since multinational corporations possess a far greater ability to import capital, raw materials, specialists or technical know-how from adjoining countries than do local producers.[1]

Aside from adapting their external economic strategies to differences in national and sectoral rates of profit abroad, international monopolies also actively intensify these differences by influencing the economic situation in particular developing countries. In particular they may either encourage or ruin local capitalists by influencing the level of prices, rates of interest, the volume of investment, and wage levels.

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[1] Raymond Vernon, "The Location of Economic Activity", in: *Economic Analysis and the Multinational Enterprise*, Ed. by John H. Dunning, London, George Allen & Unwin Ltd., 1974, pp. 107, 111.

These facts are reflected in the socio-economic effects of the development of international division of labour.

In this connection, West German economists F. Fröbel, J. Heinrichs and O. Kreye have observed that "from our point of view the crisis that is currently developing in industrial countries and which expresses itself, for example, in the stagnation or decline in rates of investment must be viewed as the outcome of a new international division of labour that is continuing to be formed at the present time and as a symptom of the instability of capital".[1]

The international division of labour that is being developed by international finance capital is essentially intra-firm division of labour within the framework of large international monopolies. Production activities that are shifted to developing countries, largely to export zones free from duties, are designed to serve the markets of capitalism's industrialized countries and do not serve national industrial structures. They are based on the exploitation of extremely cheap labour power in developing countries and, with rare exceptions, are not integrated in a technological sense, but are elements of a transnational vertical system of specialization in individual commodities.

It was only 15 years ago that such production activities did not exist in developing countries. But by the mid-1970s they were being carried out in 39 developing countries (including 15 Asian, 8 African and 16 Latin American countries). Thousands of production shops, factories and plants have been created which produce nearly all their output for industrialized capitalist countries. Some of the available data indicate that they employed 725 thousand workers, including half a million workers in export or duty-free zones.

These production activities, subordinated to international monopolies, extend to a diversity of sectors, but mainly they emphasize processing industries. They are largely concentrated in the production of textiles and electrical equipment, as well as of ready-to-wear clothes.

In 1960, for example, 99.3 per cent of the sales of ready-to-wear clothes in West Germany originated in local production. By the second half of the 1970s this share declined

[1] Quoted in: *Problèmes économiques*, October 11, 1978. p. 22.

to 82.6 per cent. In 1976, 23.2 per cent of the imports of textiles into West Germany originated in developing countries (11.8 per cent in 1962), as did 44.5 per cent of imported ready-to-wear clothes (16.2 per cent in 1962). Between 1960 and 1975 the number of persons employed in West German enterprises producing ready-to-wear clothes declined from 536 thousand to 351 thousand.

By moving production activities to developing countries and increasing unemployment in industrialized capitalist countries, international monopolies do not provide a fundamental solution to the problem of employment in developing countries. First, in the case of countries in which many million persons are unemployed, production activities serving exports to industrialized capitalist countries provide work for a negligibly small number of persons. Second, a continuous process of so-called technical rationalization is taking place that reduces the number of employed persons, as in the production of electrical equipment (transistors, semiconductors and integrated curcuits). Third, increasing use is made of low-paid female labour (skilled women workers are often paid less than two dollars an hour). Fourth, monopolies emphasize the exploitation of workers who are not organized into trade unions, while regulations relating to the payment of labour and to the hiring and dismissal of workers in export zones are frequently designed to accommodate international monopolies. Fifth, monopolies take advantage of the rivalry that exists among developing countries who seek to attract foreign capital and set up particular export-oriented production activities.

It may be safely assumed that the data given in the table on page 185 are far from complete. They do make it possible, however, to note a characteristic feature of these activities, namely, the selective approach of international monopolies to the locating of subordinate production activities or branch facilities in a relatively small group of countries. In Asia this is South Korea, Taiwan, and Singapore, while in Latin America it is Mexico, Brazil and Haiti.

Arab economist Georges Corm writes that "recent developments in certain countries of the Third World show that attempts to introduce technology appear to be successful only when the host country fully accepts the rules of the

Number of Workers in Enterprises Belonging to International Monopolies and Serving Markets of Industrialized Capitalist Countries[1]

Country	Number of Workers	Including		Year
		"zones"	others	
Hong Kong	59,607	59,607	—	1975
Indonesia	11,191	—	11,191	1975
South Korea	112,250	112,250	—	1975
Malaysia	40,465	40,465	—	1975
Philippines	9,827	8,117	1,650	1976
Taiwan	62,143	62,143	—	1975
Singapore	105,000	105,000	—	1974
Thailand	16,700	—	16,700	1974
Total in Asian countries	420,000	...	...	1974-1976
Mauritius	9,952	9,952	—	1975
Tunisia	24,000	...	555	1974
Total in African countries	40,000	...	...	1974-1975
Brazil	26,650	26,650	—	1973
Dominican Republic	6,500	6,500	—	1975
El Salvador	6,143	6,143	—	1975
Haiti	25,000	...	...	1973
Jamaica	6,100	—	6,100	1971
Columbia	5,600	5,600	—	1975
Mexico	84,308	74,676	9,632	1974
Total in Latin American countries	265,000	...	...	1971-1975

[1] *Problèmes économiques*, October 11, 1978, p. 25.

international division of labour desired by the multinational firms without considering internal markets. This is the case of Taiwan, Hong Kong, Singapore and South Korea".[1]

Of course it is not only workers of foreign-controlled enterprises who produce export commodities that are sent to industrialized capitalist countries. The number of such enterprises is far greater. But even without either direct or indirect participation by international capital they are basically controlled by international finance capital through world capitalism's monetary and credit system. While we have given much attention to the analysis of direct investment of international monopoly capital, we have also sought to show that a rapid process of integration of international banking capital with industrial capital has taken place in the 1970s which resulted in the creation of international finance capital.[2]

It is important to recognize this factor when considering a development that is being described frequently by Western journals closely linked with international monopolies, such as *U.S. News & World Report*, *The Economist*, *Der Spiegel*, namely, the alleged commercial intrusion of developing countries into markets of industrialized capitalist states.

It is the policy of Western powers to maintain their technological advantages over developing countries and to assign to the latter the role of suppliers to the markets of industrialized countries of only labour-intensive, economically inefficient outputs. In return, however, in the words of US Secretary of the Treasury W. M. Blumenthal, they must "understand better that they should develop their own markets and reduce, or else eliminate their export subsidies".[3]

At the same time, a form of selective discrimination is applied by the West to commercial relations with developing

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[1] *Le monde diplomatique*, November 1978, p. 17.

[2] In the case of Japan, for example, this is especially true of the monopoly called Itoh, whose volume of sales in 1976 was 23.5 billion dollars. At the beginning of 1977 45.2 per cent of its shares were held by major Japanese banks and insurance companies, including Sumitomo Bank Ltd, Bank of Tokyo, and Nippon Life Insurance.

[3] *L'Observateur de l'OCDE*, No. 93, July 1978, p. 9.

countries. In the mid-1970s the major share of finished goods exported by developing countries to industrialized capitalist countries was contributed by Taiwan, Hong Kong, Brazil, South Korea, Singapore and Mexico. At the same time, 70 per cent of the exported manufactures of developing countries were channelled to the markets of four countries, namely the USA, Britain, the FRG and Japan.[1] In short, only those developing countries where international monopolies prevail have in fact access to the markets of industrialized capitalist countries. This explains why relevant increases in the imports of "the big four" originate primarily from "the group of six".

In the case of Britain, for example, the share of developing countries in its imports of 50 major products increased from 17.8 per cent in 1970 to 22.2 per cent in 1976. In the USA the corresponding figures were 19.8 and 31.4 per cent, while in Japan they were 13 and 37 per cent respectively. These are largely products of light industry (clothing, textiles, shoes, toys, sporting goods, haberdashery), plastic goods, household appliances and radios.

These are the most labour-intensive and technologically least complex products whose production has been relocated by the large monopolies of industrialized countries primarily in the six countries of Latin America and Southeast Asia named earlier. In the same issue *The Economist* observes that the Japanese will spend their future export revenues primarily on purchases of Western industrial goods and for repaying debts to Western banks. It should be emphasized, moreover, that a large share of exports of industrial products from developing countries to industrialized capitalist countries consists of outputs of branches of major international monopolies that make wide use of that channel to penetrate the markets of their competitors. In its issue of October 16, 1978, in an article entitled "When 'Poor Countries' Turn the Tables in World Trade", *U.S. News & World Report* observes that EEC countries have lost 500,000 jobs because of imports from Singapore, South Korea, Taiwan and Hong Kong, and cites the widely publicized case in which a South Korean shipbuilding firm had

[1] *The Economist*, June 10-16, 1978, p. 85.

outbid three leading Japanese shipyards—Mitsubishi, Hitachi and Ishikawajima-Harima—for building a ship. What it did not mention, however, is that South Korea is deeply indebted to international banks, that its external debt has become enormous, and that the Hyundai shipbuilding firm which outbid the Japanese is financed by US banks and has already established branches in developing countries.

In its issue of November 1977, the West German magazine *Der Spiegel* observes that some Western countries seek to protect their markets from newcomers in the competition. This reflects an intensification of struggles among different groups of monopolies. In this connection it is interesting to note that between 1975 and 1977 the positive balance of US trade with a number of developing countries became negative, including trade with Brazil, Mexico, Taiwan and South Korea.

2. The Social Strategy Pursued by the West and Its International Monopolies with Regard to Developing Countries

Bourgeois governments and international finance capital adapt their strategies towards developing countries in such a way as to take account of the increasing inequality and class differentiation there. E. de Clairemont expects that "given today's conditions in which more than 2 billion persons live in countries of the periphery, income will increase by barely 1 per cent until 1980—a truly pitiful rate of growth. And taking into account the enormous inequalities that exist among them, it is already possible to see clearly who will benefit from this insignificant increment".[1]

Between 1965 and 1973 the rate of growth of gross national product in developing countries was approximately equal to the anticipated 6 per cent. This was largely achieved, however, through the activities of petroleum exporting countries and of developing countries whose exports of commodities produced by branches of international monopolies had increased (Brazil, Thailand, Taiwan). The rate of

[1] *Le monde diplomatique*, December 1975, p. 4.

growth in GNP per capita in the least developed countries ranged from 0.2 per cent to 0.3 per cent.

Social and class differentiation has greatly increased in most developing countries. Even in countries possessing a relatively high annual national product per capita (for example more than 1,000 dollars) unemployment, poverty, and deprivation have been increasing among wide layers of the population. Official documents of Western experts recognize the growing injustice and inequality in the distribution of national income between the rich and the poor. Between 40 and 60 per cent of the population of developing countries live in poverty, experience material hardship and receive only 5 to 20 per cent of the national income.[1]

International monopolies play a contradictory role in establishing industrial infrastructures in developing countries following the capitalist way and orienting their industrial policies on foreign capital.

In this connection the consequences of the expansion of international monopolies in the countries of Tropical Africa have caused increasing concern.

The journal *Afrique nouvelle*, which is published in Dakar, has observed that the economic and social consequences of some of the manipulations of transnational monopolies in Africa have been catastrophic and have resulted in unemployment and the disorganization of currencies. It stresses that international monopolies possess sufficient power to replace undesired governments.

Fifteen years ago, the Ivory Coast was cited as a showcase and example of so-called liberal economic development to be followed by other developing countries. The "Ivory Coast Miracle", however, which was to have brought about a "comprehensive industrial development", has in fact become an example of increasing dependence on foreign

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[1] *Coopération pour le développement*, Paris, 1977, p. 49.

Indonesia, a member of OPEC, is very wealthy in terms of natural resources and possesses favourable climatic conditions. Yet it ranks nearly last in the world in terms of income per capita. According to official data more than 33 million of the 130 million Indonesians live in poverty. Ten to fifteen million children are systematically underfed. The dominant position of American, Japanese, West German international monopolies is one of the principal reasons for such a situation.

capital and of the unwillingness of foreign monopolies to contribute to the establishment of industries producing means of production. Some Western economists have noted that all three major projects in heavy industry have not moved an inch: citing pessimistic conclusions of various foreign reports, Ivory Coast authorities have refused to build a metallurgical plant, and the remaining two projects have not yet been initiated.

Statistical data also indicate that private investors (both foreign and local) avoid investments into new industrial sectors.

The country's positive balance declined by nearly 50 per cent between 1977 and 1978 as its external debt increased from 920 billion to 1,050 billion African francs.[1]

In other cases international monopolies are active in penetrating new sectors of national economies.

The attempts of Western corporations to penetrate the most promising and profitable sectors are especially evident in the case of India. In 1977, they possessed 482 branch offices and 161 branch firms in India. They are well established in the chemical industry, are penetrating the electronics industry, and have gained control over the private sector in the pharmaceutical industry. They are also actively engaged in penetrating the production of foodstuffs, textiles, metal products, and leather goods.

The financial manipulations of monopolies are becoming increasingly known. For example, while the revenues of India's national banks are declining, the profits of foreign banks belonging to major banking monopolies are increasing. In seeking to increase their profit those banks are systematically violating foreign exchange regulations. In particular, the Bank of America, which has opened a branch in India, has engaged in illegal operations in transferring foreign currency, while the Grindlays Bank and the Chartered Bank have avoided payment of income taxes.

Official data indicate that the list of firms in India that are systematically delinquent in paying taxes includes such international corporations as Union Carbide, Siemens, and Siba, among many others. These monopolies frequently dis-

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[1] *BIKI*, No. 20 (4817), February 17, 1979, p. 2.

regard Indian laws and falsify their accounts and data concerning export and import operations.

For ten years Brazil's yearly 10 per cent increment in gross national product was presented as a "Brazilian miracle". But that miracle was accompanied by the development of the country's industrialization with the help of foreign capital and by the consolidation of an alliance between international monopolies, the state, private capital and the country's oligarchy. This produced a sharp intensification of economic and social contradictions. Nearly 40 per cent of the country's national wealth is owned by no more than 5 million people, or 5 per cent of the country's population, while 90 million Brazilians have not gained anything from the economic miracle. More than 53 per cent of the workers receive a monthly wage that is lower than the subsistence wage (less than 100 dollars) while 22 per cent of the workers receive only one half of that sum.

Forty million Brazilians are underfed in a country that has become one of the capitalist world's leading exporters of agricultural products (grain and soya, as well as coffee).

The table below shows the extent to which an impoverishment of large masses of the working population has taken place in this largest Latin American country, and to which

Distribution of Brazil's National Income by Groups of Gainfully Employed Population[1]

Population Groups	1960 (per cent)	1970 (per cent)	1976 (per cent)
Poorest layers of the population (50 per cent)	17.7	14.9	11.8
Next income group (30 per cent)	27.9	22.8	21.2
Wealthy layers of the population (15 per cent)	26.7	27.4	28.0
The most wealthy income group (5 per cent)	27.7	34.9	39.0

[1] *Le monde diplomatique*, January 1979, p. 14.

it has been accompanied by an enrichment of foreign and local capitalists and of the country's oligarchy.

In a United Nations report entitled "The Future of the World Economy" (1977) it is shown that current rates of economic growth in developing countries are insufficient to make possible a reduction in the gap between the average income per capita in industrially developed capitalist countries and developing countries. At the present time the corresponding ratio is 12 to 1. The authors indicate that there are no obstacles to increasing the rate of economic growth in developing countries that could not be overcome during the present century. But two conditions must first be met: first, far-reaching internal changes are needed within the developing countries themselves, and secondly, international economic relations must be radically restructured. The latter is not possible without a struggle against international finance capital.

The obvious fact is thus acknowledged that a capitalist-oriented development has not led to a proportional and dynamic growth of national economies, a decrease in poverty, the creation of the required opportunities for employment, a reduction in the number of unemployed persons, and rise in the population's standard of living. The economies of such countries, moreover, are falling increasingly under the influence of international monopolies. For the development of local capitalism is contingent in many ways (through the world economy) on the West's policy of government "assistance" and to the export of private monopoly capital. A. Berle, who was Chairman of a special working group on problems of Latin America under J. Kennedy's administration, has described the socio-political consequences of the dominance of foreign capital in developing countries in the following words: "Foreign *and/or private investment* may industrialize, may even increase production, and still leave the masses in as bad a shape as ever."[1]

So-called technical assistance plays a special role in the

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[1] Cit. C. R. Hensman, *Rich Against Poor. The Reality of Aid*, Schenkman Publishing Company, Cambridge, Massachusetts, 1972, p. 162.

West's policies of government "development assistance", and by comparison with other types of "assistance" it has been receiving a growing volume of funds. But it is characteristic that the principal recipient of that "assistance" in Africa is Zaire, which is closely associated with international monopoly capital. In 1977 it made available under conditions of extra-territoriality to a West German rocket producing firm an area of land equal to that of the Federal Republic of Germany itself as a testing ground for military rocket technology. Similarly in Latin America Brazil is the major recipient of such technical assistance, as is Thailand in Southeast Asia and Iran in the Middle East. Under pressure from African nations, however, Zaire abrogated the right of the firm to conduct missile tests.

International monopolies are giving increasing attention to studies of the class and social structures of developing countries. They were initiated approximately a quarter of a century ago, before the disintegration of the West's colonial empires, under the guise of demographic studies. In 1952 and 1963, respectively, the Ford Foundation and the Rockefeller Foundation were already engaged in such studies. Before 1967 private organizations financed nearly half of all measures carried out in developing countries in controlling the birthrate and population growth. Such activities often served as a pretext for studies of the social climate in particular developing countries and of potential social explosions and revolutionary upheavals.

The class and social essence of the West's policies of economic "assistance" may be clearly seen in its attempts to find and develop social support in developing countries, to widen their influence, and to prepare the ground politically for a penetration of monopolies.

In the 1970s, as they concentrate their efforts on technical "assistance", Western powers continue to refer to their striving to understand the "needs" of developing countries "realistically", and to engage in a continuing "dialogue" with the new generation of political leaders and administrators that have assumed responsibilities for managing the governments and economies of developing countries.

In many developing countries large numbers of the civil servants were trained in Western countries in the 1960s and

1970s with the help of funds made available through programmes of technical "assistance".[1]

The West's programmes of technical "assistance" rely on coordinated efforts of private monopolies and various capitalist government agencies. The context of technical "assistance" permits private monopoly capital to study available means and methods for penetrating developing countries. By sending their own specialists to developing countries and by accepting persons from these countries into their own training programmes large international firms establish relations with the representatives of both the state and private sectors of developing countries.

International monopolies make use of the hundreds of branch facilities and divisions that they possess in developing countries to influence development plans and the activities of government ministries and departments. In recent years a number of bourgeois economists have sought to persuade the leaders of developing countries that it is important that large corporations train their managerial and professional personnel for, in their opinion, only such corporations possess "worldwide management development plans".[2]

Professor E. Jacoby has observed that "transnational firms have infiltrated the less developed countries, who are gradually undermining the very foundation of government, and are creating a new form of dependence by occupying positions of economic power.... In many cases national planning has in fact yielded to the planning of transnational firms. There are even cases in which national planning bodies are subjected to economic blackmail, as was the case, for example, in Costa Rica in 1974, where the powerful United Fruit Company decided to destroy 145 thousand boxes of bananas per week in protest against the establishment of an export duty".[3]

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[1] Official data indicate that approximately 1 million students were trained in the West under programmes of "technical assistance". Many of these students either already are or else will become civil servants after returning to their country.

[2] *Foreign Affairs*, Vol. 53, No. 1, October 1974, p. 129.

[3] *Le monde diplomatique*, July 1976, p. 5.

The active interference of international monopolies in formulating and carrying out the West's policies of technical "assistance" extends its multilateral programmes as well. Nearly all multilateral technical "assistance" is administered through the United Nations Development Programme. The body which implements this programme is in fact largely concerned with technical functions. It is assigned a consultative role, and depends on the International Bank for Reconstruction and Development in matters pertaining to financing particular projects of the United Nations Development Programme. The ties of the International Bank for Reconstruction and Development with private monopoly capital and international monopolies are widely known. Through the Bank's activities they help prepare and implement various programmes of the West's multilateral "assistance". Specialized agencies, and in particular the Food and Agricultural Organization, serve as one of the channels through which the United Nations Development Programme is carried out. At the present time the task of meeting the needs of the developing countries' population for food in conditions of periodic mass famine aggravated by natural catastrophes (droughts, floods, etc.) is extremely urgent. Until recently nearly two-thirds of the United Nations technical assistance was channelled through FAO.

The FAO's activities in developing countries have greatly increased during the past ten years, particularly in connection with the Campaign against Hunger. This made it possible for nearly 100 giant international monopolies engaged in agrobusiness to participate in the so-called Programme of Industrial Development. Professor Jacoby notes that following the UN World Food Conference in Rome in 1974 these monopolies were able to "intervene in the sphere of technical assistance as 'partners' in development and ...determine nearly according to their own wishes the direction and volume of investments".[1]

The group of international monopolies to which the term "agrobusiness" refers includes large firms in the chemical, timber, and paper industries as well as firms that control

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[1] *Le monde diplomatique*, July 1976, p. 4.

the production and marketing of agricultural products, agricultural equipment and means of transportation.

In 1974, shortly after the conference in Rome, representatives of firms engaged in agrobusiness met in Toronto, Canada, where they formulated their position in relation to developing countries and their wish to become a "dynamic partner in development". Particular emphasis was placed on the use of special agreements among international monopolies that would permit agrobusinesses not only to exert pressures on international agencies but to act as a single body in matters relating to the development of agriculture and related sectors in developing countries and in imposing their views on measures to attract private monopoly capital, payments for patents and licences, and the importation of agricultural equipment and fertilizers.

In this connection E. Jacoby is correct in observing that the responsibility for the currently unenviable state of affairs in agriculture in developing countries must be borne by those who have permitted "multinational firms to interfere in the sphere of technical assistance as 'partners'. For they seek to obtain funds that have been assigned to technical assistance for the sake of their own profits even in cases in which 'their interests are opposed to the real economic interests of developing countries'."[1]

Major international monopolies associated with agrobusiness have sought to take advantage of FAO's programme of industrial cooperation to gain control over a number of important sectors of agricultural production in developing countries. While pressure from world public opinion has led to that programme's suspension monopolies have not ceased their attempts to exert an indirect influence on FAO in carrying out a diversity of agricultural projects in developing countries. A study published in Berne, Switzerland, in 1978 and entitled "The Infiltration of Multinational Companies into the UN System" presents an exposé of the manoeuvres of agrobusiness in this area.[2]

That the problem of food production is one of mankind's major problems is widely known. But in spite of certain

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[1] *Le monde diplomatique*, July 1976, p. 4.

[2] *L'Infiltration du système de l'ONU par les sociétés multinationales. Extraits de dossiers interieurs*, Berne, 1978.

successes in developing agricultural production in developing countries, the situation of many hundreds of millions of persons in those countries continues to be threatening as a result of undernourishment and the danger of famine. FAO data indicate that these countries have imported 66 million tons of grain each year towards the end of the 1970s, and that by 1985 this should increase to 90 million tons.[1]

The dominant influence of international monopolies on the agriculture of developing countries is becoming one of the major factors impeding its development. This is illustrated by the case of Latin American countries, where foreign monopoly capital has dominated agricultural production throughout the twentieth century. Separate stages in that domination may be distinguished. Chronologically the first stage began towards the end of the last century and has continued until the beginning of the Second World War. During that time US companies Swift (meat packers), United Fruit Company (bananas) and Bunge y Born (wheat), and the Swiss firm Nestlé (coffee) as well as others have established enormous plantations with a view to organizing a direct exploitation of natural, material and manpower resources in Latin America.

The second stage lasted from the end of the 1940s to the end of the 1960s. During that time, international monopolies turned the processes of industrial development and urbanization in a number of Latin American countries, including Mexico, Argentina, Uruguay and Brazil, to their own advantage. Following the liquidation of foreign companies a number of enterprises that had belonged to them were taken over by local capitalists or else nationalized. Some projects were carried out in developing infrastructures (the construction of irrigation systems, roads, ports, and grain elevators). The major international monopolies took advantage of the "green revolution" to expand their activities as suppliers of agricultural equipment, fertilizer, insecticides and high-quality seeds. They opened branch offices as well as assembly plants for producing agricultural

[1] *Le monde diplomatique*, September 1978, p. 5.

equipment, and agricultural equipment rental stations in a number of Latin American countries. The striving of North American monopolies to join local capital in investing in agricultural production became evident in the mid-1950s. This represented a specific response to the nationalization of foreign property in several Latin American countries. It was then that the first agro-industrial complexes were set up under the control of international monopolies.

Since the 1970s a third stage may be discerned in the activities of international monopolies in Latin America's agriculture. It is characterized by the fact that additional direct investments of international monopolies increase relatively slowly and that they generally consolidate their position by reinvesting a part of their profits. Moreover, agrobusiness has been taken up by monopolies whose connection to that area had originally been distant. In particular Volkswagen do Brasil, a branch enterprise of West Germany's Volkswagen has purchased hundreds of thousands of acres of land and organized agricultural and processing enterprises (producing various types of canned goods, for example).

Government agencies in such countries as Brazil, Venezuela and Mexico support the creation of centres of agrobusiness within their countries.

In recent years international monopolies engaged in agrobusiness have established new plantations in countries located relatively close to the United States (in Central America). These are engaged in the production of fodder (especially soya), vegetables, fish, and flowers for export to Canada as well as the United States.

The development of enterprises engaged in agrobusiness in Latin American countries is closely associated with the activities of major groups of finance capital, and in particular with North American banks financing a number of large economic projects.

Even though the share of agricultural production within the aggregate GNP of Latin American countries has been declining, as it has been in developing countries on other continents, the industrialization of agriculture is proceeding, and international monopolies play a dominant role in that

process. These monopolies impose their own model of agro-industrial development on Latin American, Asian and African countries. That model is intended to intensify the development of capitalism in agriculture in the context of the "green revolution". Under such a development the introduction of technological improvements leads to the ruin of many millions of peasants, the dominance of monopolies representing agrobusiness, a further differentiation and polarization of classes in agriculture, an increase in the role of large and medium-sized capitalist private and state farms, and the application of the method of rapid "intensification" of agricultural production under which the use of machines and chemical fertilizers is prompted by a search for maximum profits in the shortest possible time. This leads to the depletion of soils, disruptions in ecological and economic balances, and disproportions in the development of individual regions and districts.

International monopolies associated with agrobusiness are intensifying the production of exportable agricultural commodities while fully ignoring the larger problem of food production. They are aware that agriculture is one of the world economy's decisive branches.

In influencing the development of agriculture in developing countries international monopolies seek to encourage capitalist forms of agriculture. This accelerates the ruin of many millions of small peasants and the growth of an agrarian "overpopulation". At the same time the international firms create substantial markets for their agricultural equipment, chemicals and fertilizers, high-quality seeds and new technologies for cultivating particular plants. They organize the entire production process in terms of a so-called vertical integration that encompasses the processing and marketing of agricultural products.

It is not only in agricultural production but in all other economic sectors that international monopolies seek to influence government representatives of particular developing countries, including managers and representatives on executive boards of branch facilities or of mixed firms. Such persons are often given special training in the particular Western country in which the international monopoly's head office is located. The corresponding "new elite" of local

m nagers is intensely encouraged to develop "supranational loyalties".[1]

In the early 1970s H. Kahn and B. Bruce-Briggs, two well-known American bourgeois futurologists, have sketched the following prospect concerning the manner in which multinational corporations will set the tone in international business and encourage the acquisition of "capitalist values" in the developing world. They believe that these corporations, which play a dominant role in the sphere of investments, entrepreneurship, technical innovations, and trade, will provide appropriate careers to local "elites", and will "educate" local workers and salaried personnel. Accordingly they expect that by 1985 the peoples of the world will be closer to each other because they will have been "Americanized". More specifically they envisage the capitalist world of the near future—by 1985—as follows: "Perhaps in 1985 an Italian, Tanzanian, Bolivian, or Turk will listen to an Icelandic pop singer on a Thai-made transistor radio, wearing clothes first designed in a boutique in Seoul while riding on a Nigerian bicycle to see a Swedish movie."[2] There does not seem to be anything reprehensible in such a picture of the world were it not for the preaching of "capitalist supranational" values and the dominance of the American and Western way of life.

The Western way of life, Western standards and social and phychological influences together with the difficulties of finding work in one's own field in particular developing countries produces a situation in which thousands of trained professionals needed so badly in the developing countries themselves leave their country to live in industrially developed capitalist states. International monopolies make wide use of such specialists, whose exploitation yields large profits. They employ them in accordance with their interests in various enterprises and branches of their corporations throughout the entire non-socialist world, including the Western countries themselves.

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[1] R. Scheer, *op. cit.*, p. 100.

[2] Herman Kahn, B. Bruce-Briggs, *Things to Come. Thinking About the Seventies and Eighties*, Macmillan Company, New York, 1972, pp. 19-20.

United Nations data indicate that between 1961 and 1972 the United States have gained 30 billion dollars from highly skilled personnel from developing countries while Canada has gained 10 billion dollars and Britain 3.5 billion dollars. In May 1977 the Philippine newspaper *Daily Express* observed that "the drain of specialists from developing countries such as the Philippines which enriches industrial states is one of the major causes for the slow social and economic progress of developing countries. More than 1,200 thousand Philippinos of various professions are currently working on a contractual basis in Western Europe, North America, Africa, and the Middle East." According to experts, the brain drain from developing nations to the West has cost them a whopping 50 billion dollars since 1969.[1]

International monopolies attach particular importance to establishing contacts with the local bourgeoisie. In an article entitled "Big Business and 'Dependence'. A Latin American View", O. Sunkel, an American specialist on development problems in Latin American countries, stresses that "a significant part of the national bourgeoisie is being transformed into a private transnational technocracy, losing legitimacy as part of a national ruling class."[2]

One should therefore view the commercialization of relations that is associated with the West's economic "assistance" to developing countries not only in terms of the striving that it expresses to obtain the greatest possible profits and economic advantages as well as the integration of production and economic activities of developing countries into the world capitalist system on the basis of capitalist market relations, but also as a catalyst actively encouraging these countries' development through dependent forms of capitalism.

In a collection of articles entitled *The U.S. and the Developing World* it is stated directly that for a number of developing countries such as Brazil, Israel, Malaysia, Singapore and all members of OPEC except Indonesia external support on a non-commercial basis is no longer a necessity. There

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[1] *New Scientist*, April 6, 1978.
[2] *Foreign Affairs*, Vol. 50, No. 3, April 1972, p. 527.

is also a proposal to increase the share of credits within the overall volume of the West's government assistance by 10-12 billion dollars annually (in 1975 this was 3.5 billion dollars), to be met by industrial countries and OPEC countries. One half to two thirds of these credits, moreover, should be made available on commercial or near-commercial terms.[1] The overwhelming majority of developing countries, which are already greatly indebted, are not in a position to rely on commercial credit.

In countries following capitalist-oriented development imperialist states and international monopolies seek to develop the support of internal reactionary circles and layers of the local bourgeoisie who will be satisfied with a role of junior "partners". The French weekly *France nouvelle* notes that imperialism is developing special relations with the most reactionary states, or else with states that are viewed as "politically reliable" such as Saudi Arabia and Zaire. These states offer optimal conditions for their penetration by multinational firms. They permit these firms to exploit their own working class and all working people in inhuman ways. It should not be forgotten, in this connection, that 70 per cent of the labour force of firms from capitalist countries lives in regions in which national liberation movements exist.

The influence of international monopolies on the growth of developing countries extends beyond their economic exploitation. World public opinion has become well informed concerning numerous cases in which international monopolies have interfered overtly or covertly in the political, ideological, and cultural life of developing countries. ITT, an American international monopoly, has played a sinister role in organizing the fascist coup in Chile in September 1973 and overthrowing the legal Popular Unity Government headed by S. Allende.[2] Blackmail, bribery, economic sanctions and pressures on government officials and political

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[1] *The U.S. and the Developing World. Agenda for Action 1974*, Ed. by J. W. Howe, Praeger Publishers, New York, Washington, London, 1974, p. 43.

[2] In the 1950s the United Fruit Company assisted in a reactionary coup in Guatemala, while in the 1960s, Union minière participated in a coup in Katanga.

leaders are only some of the means that are practised. Together with the intelligence services of their governments the monopolies do not stop at organizing plots and murders of political leaders that they consider undesirable.

The subversive activities of Lockheed, which has participated in the overthrow of legal governments in a number of developing countries were equally scandalous. Such petroleum giants as Gulf Oil and Phillips Petroleum operate in the same manner. On March 2, 1976, the Nigerian newspaper *Business Times* wrote that very frequently the CIA played the role of an agent of the multinational corporations. These corporations, acting through the CIA, first planned and then carried out specific measures designed to achieve their objectives. Above all they established wide contacts with the public and then sought to persuade everyone, including students, to believe that everything that America does is always for the best.

J. Nye, who is a Professor at Harvard University and is a specialist on relations between developing countries and the West, notes another aspect of that problem, in which an agency of the American government, the CIA, makes use of international monopolies to collect various types of information concerning developing countries. "There can be little doubt that the US government has on occasion been able to use, wittingly and unwittingly, the information-gathering capacities of global corporations domiciled in America for intelligence purposes."[1]

In a number of developing countries international monopolies are engaged in corrupting high level government officials, members of legislatures, and leading administrators in ministries and departments.[2]

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[1] J. S. Nye, Jr., "Multinational Corporations in World Politics", *Foreign Affairs*, Vol. 53, No. 1, October 1974, p. 157.

[2] A scandal broke out in Britain in 1972 in connection with the activities of a major entrepreneur Poulson, who was convicted for engaging in financial manipulations. A special parliamentary committee that examined the case concluded that he was closely associated with a number of members of the government and of Parliament, in particular with the former Minister of Internal Affairs, R. Maudling (Conservative), and A. Robertson, a Labour Member of Parliament. The Members of Parliament associated with Poulson had sought to persuade the House of Commons to increase financial assistance to an African

The so-called commercial approach of international finance capital which takes advantage of the wishes of the developing countries to acquire access to the newest technology and to the scientific and technical experience of industrially developed capitalist countries represents a new attempt on the part of international imperialism to achieve indirectly what it failed to achieve directly, namely to subordinate independent nation-states to their own objectives and impede the far-reaching progressive socio-economic shifts that are emerging within them. Under the pretext of commercialism and business, international monopolies seek to penetrate into developing countries and prevent them from joining forces against imperialism and neocolonialism.

Monopoly capital and the Western states are particularly concerned over the growing solidarity of workers in the concerted anti-monopoly drive.

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country, in which a branch firm owned by Poulson operated. Five years later attempts to exclude R. Maudling and A. Robertson from the House of Commons were abandoned.

In the United States a number of international monopolies such as Boeing, Reynolds, Ingersoll-Rand, Anderson, Clayton and Co., Exxon, Mobil Oil and Gulf Oil admitted to a subcommittee of the US Senate that they gave multimillion bribes towards the end of the 1960s and in the 1970s. In particular, Gulf Oil paid 3 million dollars in 1971 to help keep in power the dictatorial regime of Pak Tschong Hui in Seoul. In its turn, in order to receive new contributions in the forms of "assistance" and similar gratuities from the United States, the South Korean regime engaged in corrupting American Congressmen. In 1977 it became known that a part of the funds assigned by the United States to help South Korea was spent in the form of bribes to 115 American Congressmen who secured continuous economic and military aid to South Korea. They included Senator Goldwater, R. Byrd, current leader of the Democratic majority in the Senate, as well as B. Bye, and R. Long, among others.

Similarly criminal proceedings were insinuated against United Brands in Honduras for transferring bribes to the sum of 1,250,000 dollars. The largest bribe was given by Lockheed. This was 20.2 million dollars paid to its agents, which included one who had "worked" in Saudi Arabia.

According to the Western press, Lockheed paid a total of 22 million dollars in bribes in different countries, Northrop paid 30 million dollars, and Exxon, 50 million dollars.

3. The Activities of the Working Class in Opposing International Corporations

Certain political circles and a number of ideologists and economists in Western European countries seek to pit the workers of industrialized capitalist states to those of developing countries. The conception that there exists a so-called "new" rivalry between the workers of these two groups of countries within the world capitalist economy has been developed, which asserts that the interests of the working class of developing countries should be taken into consideration only after an age of abundance will have been reached in the West.

Secretary-General of the French Democratic Confederation of Labour Edmond Maire has described this as a "blind policy leading to a dead end".[1]

Contemporary capitalism, with its specific international division of labour, seeks to produce the greatest possible profits for itself at the expense of the workers of particular countries. The internationalization of capital leads to a levelling in the methods of exploitation of hired labour. But it also offers to monopolies certain possibilities for manoeuvring, particularly in cases when they are able to divide sections of the working class opposing them, and especially the workers of industrialized and of developing countries.

This defines the major problem of strengthening the solidarity and unity of action of workers as they struggle against monopolies at various levels, including that of the international trade union movement. It requires a continuous campaign of explanation in unmasking the policies of the West's ruling circles and of international finance capital that seek to split the unity of action of workers of various countries of the non-socialist world as their solidarity in struggling for the right to work and for meeting their vital material, cultural and spiritual needs brings fear to strategists who are now guiding their ships in the stormy waters generated by the world capitalist economy's crisis.

In responding to attempts by international monopolies to find new "economic territories" that they could penetrate

[1] *Le monde diplomatique*, November 1978, p. 14.

and dominate following the collapse of the colonial system, the working class is closing its ranks on an international scale in order not to permit international giants to achieve their self-seeking objectives by opposing the workers of individual countries to those of others.

There exists a common objective basis for the struggle of workers in developing countries for economic liberation from imperialism, their country's economic independence, and further achievements along the path of social progress, and for the struggle of the working class of industrialized capitalist countries against monopolies and for a democratic reconstruction of society.

The working class of both industrialized and developing countries is becoming increasingly convinced that a persistent struggle for solving these problems is not possible without a continuous consolidation of the unity of their actions against a powerful and perfidious enemy.

Progressive forces in the trade union movement are seeking to develop concrete programmes for unifying the struggle of workers against international finance capital. In particular these programmes envisage a reduction in the inequality in rates of payment for labour in the two groups of countries, improvements in working conditions, a recognition of the rights of trade unions, a cessation of the arms race, and the establishment of economic relations based on equality between these countries.

In contrast to the so-called freedom of migration of labour and the relocation of production activities and enterprises, a number of trade union organizations are proposing the slogan "to live and work in one's own country" as a principle for joint action, i. e., to struggle for a fundamental solution within the workers' own country of the problems of employment, reduction in the working day, of leisure, and a satisfaction of vital human needs.

The developing struggle of the peoples of former colonies and semi-colonies against imperialism, the struggle of workers of developed capitalist countries against exploitation, unemployment, inflation and violations of basic rights and freedoms, and the struggle of all forces of democracy and progress for peace, international security, economic cooperation based on equality, and the sovereign develop-

ment of all countries and peoples are intensifying the crisis of world capitalism.

The documents of the Ninth World Congress of Trade Unions that met in Prague in 1978 reflect much emphasis on problems relating to the struggle of workers against international monopolies throughout the entire non-socialist world. In particular one of them states that "today, 200 major international monopolies exert a determining influence on the political and socio-economic situation in many countries within the capitalist system. They threaten the independence and freedom of entire peoples and states and are engaged in an offensive against the basic rights and interests of hundreds of millions of working people on all continents".[1]

The Congress called on workers and trade unions, irrespective of their international affiliation, to strengthen their unity of action in struggling against the harmful consequences of the activities of international monopolies. A particular role in that struggle will be played by the sectoral trade union movement represented by international associations of trade unions (the World Federation of Trade Unions), international production secretariats (the International Confederation of Free Trade Unions) and international professional federations (the World Confederation of Labour).

The workers of various countries engage in active measures within the framework of the sectoral trade union movement that is led by these international trade union associations. The very structure of these trade unions, which reflects the location of the production and labour power of international monopolies by individual sectors, facilitates the organization of struggles both within the framework of individual sectors and in several sectors simultaneously.

Trade Unions Internationals joined an active anti-monopoly struggle already in the 1950s. Thus, in 1959 the International Trade Union Association of Metal Workers provided "substantial support to the metallurgists of Argentina in their struggle for improving living conditions, against the domination of foreign monopolies and for the country's

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[1] *Trud*, April 21, 1978.

independence".[1] Similarly, in 1975 in Baghdad, the Metal Workers' Charter of Demands in the Face of the Transnational Companies recommended that trade union members establish coordination committees consisting of delegates or representatives of all enterprises within the relevant group (monopoly) at the national, regional, and international levels. In 1976 the Trade Unions International of Workers in the Metal Industry lent support to the establishment of such a coordination committee representing workers and trade unions from that sector at Philips and Singer enterprises. It called on trade unions to oppose the strategy of multinational companies in the metal industries through coordinated actions on the part of the trade union organizations within that sector.

Coordinated activities and exchanges of experience among international trade union associations in matters relating to multinational corporations have had a tangible effect. In Moscow in 1977 for example, the Trade Unions International of Transport Workers adopted a Programme of Demands at its conference, within which a special section was concerned with the struggle against the domination of multinational corporations. In many respects this was similar to the Metal Workers' Charter. Other programmes of action by trade unions against the anti-labour policies of multinational corporations were adopted at conferences of the Trade Unions International of Chemical, Oil and Allied Workers (Tyrnow, Poland, 1975), the Trade Unions International of Workers in Commerce (Sofia, 1976), and by the Trade Unions International of Agricultural, Forestry and Plantation Workers (Moscow, 1975), among others.

The programmes of demands of the Trade Unions International of Food, Tobacco, Hotel and Allied Industries' Workers and of the Textile, Clothing, Leather and Fur Workers Trade Unions International contained a number of propositions that are similar in many respects. They included the establishment of trade union coordination committees for all enterprises within individual corporations; the organization of a United Nations conference to adopt

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[1] *Report on the Activities of the World Federation of Trade Unions (1957-1960)*, Profizdat, Moscow, 1961, p. 150 (in Russian).

an international code to regulate the activities of multinational corporations; and the convening of an international trade union conference with the participation of trade unions of different orientations on problems of struggling against multinational corporations.

Trade unions view the formulation of specific programmes for struggling against the exploiting policies of multinational corporations as a necessary foundation for a transition to the next stage, namely, the organization of a wide range of coordinated activities, solidarity strikes, and rallies, as well as the establishment of coordination committees within individual enterprises of multinational corporations and in individual regions. In this connection the participants of the Europe-Asia Trade Union Meeting of Workers in the Food Industry (Rome, 1974) decided to turn their efforts to the creation of permanent coordination committees and sponsoring committees within such corporations as Coca-Cola, Nestlé, General Foods, and Unilever that would include representatives of a particular group irrespective of their membership in particular international trade union associations.[1] In 1975 the Trade Unions International of Workers in the Food Industry participated in the Conference of African Food Workers at which a permanent regional committee was established for coordinating trade union activities against multinational corporations whose branches are located on that continent. In 1976, in Bamako (Mali) an Afro-European meeting was convened on problems of struggling against multinational corporations in the textile and light industries. This led to the formation of coordinating committees within such multinational corporations as Bata and Agache-Villot.

In 1976, in Nicosia (Cyprus) the Trade Unions International of Transport Workers and that of Workers in the Food Industry jointly organized an international meeting that was marked by the adoption of a common programme of demands of workers in both sectors. The Trade Unions International of Transport Workers and unaffiliated organizations participated in the First Seminar of Transport

[1] *Information Bulletin, International Trade Union Association of Workers in the Food Industry*, No. 1-2, Sofia, 1974, p. 8.

Workers of Asian countries, where these problems were also considered.

In recent years a particularly important anti-monopoly action carried out with the participation of the Trade Unions International of Workers in the Metal Industry was the meeting "For Unity and Coordination in the Struggle of Workers in Metal Industries Against Multinational Corporations" (Baghdad, March 1978), which was organized by the Arab Federation of Metal Workers and the above-mentioned International, with the participation of other representatives of trade unions from that sector (from the USSR, Hungary, Romania, France, Turkey and Iraq). Its participants unanimously adopted a Final Joint Document directed against the anti-worker policies of that region's multinational corporations.

The First International Meeting of the Coordination Committee for the Bata Multinational Corporation in Algiers (June 1978) was organized by the Textile, Clothing, Leather and Fur Workers Trade Unions International and affiliated and unaffiliated organizations. Its participants included trade unions of shoe-makers and leather workers from Algeria, Morocco, Libya, Cyprus, and Czechoslovakia. They adopted an appeal to the trade unions of workers exploited by that particular multinational corporation and drafted a programme of demands.

In connection with the forthcoming revision of the Lomé Convention, which expires in 1980, there were important contacts between the trade union organizations of a number of Western European countries and the trade unions of 52 countries of Africa, the Caribbean and the Pacific areas, as well as between the European Confederation of Trade Unions and the United Organization of African Trade Unions. These contacts are important in terms of the possibility of developing and carrying out specific measures in the joint struggle of trade unions from Common Market countries and of countries party to the Lomé Convention in defending workers' rights. There is already some experience, moreover, with regard to joint actions of workers at particular international monopolies that own enterprises in both industrialized and developing countries. These have demonstrated the effectiveness of struggles of workers

for higher wages, better working conditions, respect for trade union rights, and workers' control.

At the present time the solidarity of workers of different countries in struggling against international monopolies is still increasing on a relatively modest scale. There are important obstacles on the road to unity among the workers of developed capitalist countries and Asian, African and Latin American states. These extend beyond the wide campaigns in the West's mass media designed to persuade people that developing countries are responsible for losses of jobs, increasing unemployment, increasing prices, and crises within a number of national economic sectors whose output is unable to meet the competitive terms of international markets.

These massive campaigns to influence public opinion often reflect crisis phenomena in economies of particular imperialist countries. In the words of G. Destanne de Bernis, a Professor at the University of Grenoble, these result from a "destructuralization" of national systems of production activities under the influence of contradictions resulting from rapid processes of internationalization,[1] i.e., from the expansion of international monopolies. But the principal cause for the so-called modernization and closing of enterprises and the intensified importation of goods produced abroad is the policy of international monopolies and of associated international financial agencies.

It should be stressed that in strengthening the solidarity between workers in industrialized capitalist countries and those in developing countries, it is in the latter that significant difficulties arise more and more often. The ruling circles of a number of developing countries that follow the capitalist way seek agreement with international monopoly capital and do all they can to undermine trade union and workers' movement in their own countries and divert it from the path of solidarity with the working class of the West's developed countries. In describing the role of the local bourgeoisie in developing countries G. Destanne de Bernis emphasizes that its dominant layers who are associated more or less closely with international monopoly

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[1] *Le monde diplomatique*, November 1978, p. 12.

capital are narrow political groups that "impose on the peoples of countries of the Third World, frequently by force, governments that are primarily concerned with maintaining internal order rather than with attaining independence and meeting the needs of masses; they are able to impose their own ideology on organizations (trade unions, political organizations that) are expected to express the aspirations of the mass of the population, among which liberation from exploitation and from the capitalist way of development plays an important role".[1]

Occasionally Western ideologists and scholars seek to represent international monopolies as a factor that contributes to the creation of a "new" type of relations, not only among countries but also between labour and capital. The proceedings of a Colloquium of the Paris Federation of the French Socialist Party note that "in their opinion the initiative lies with the new world. This is the new world that creates our fashions and our way of living and of working. This is the world within which the real power of the capitalism of the late twentieth century must be concentrated".[2]

The well-known US economist and sociologist, J. Galbraith, views multinational corporations as one of the causes of the capitalist world's instability. But this is not because they intensify all the contradictions of capitalism but because, in his opinion, these corporations "socialize" themselves.[3] This occurs in two ways: first they appropriate all the powers of former owners (this refers to small shareholders who were never owners of international monopolies but are merely represented as such by bourgeois propaganda), and second they make themselves socially necessary.

Yet the actual facts disprove these assertions. Indeed, the growth of international monopolies does represent a further socialization of production and the creation of the material prerequisites of socialism at the international level. It also represents, however, an unprecedented concentration of economic power in the hands of a small group

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[1] *Le monde diplomatique*, November 1978, p. 12.

[2] *Socialisme et multinationales. Colloque de la Fédération de Paris du Parti Socialiste*, 1976, p. 10.

[3] J. K. Galbraith, *The Age of Uncertainty*, p. 278.

of representatives of the international financial oligarchy, which does not promote socialism but exploits the international army of the working class. The socialization of production within the framework of international monopolies produces a still greater intensification of capitalism's basic contradiction, namely, the contradiction between the social character of production and the private capitalist form of appropriating its results.

As for the role played by social necessity, that principle clears a path for itself through the operation of the objective law of the necessary correspondence of the nature of the productive forces (i. e. of production activities) to production relations. The very expansion of international monopoly capital thus represents a response of monopolies and of imperialist states to an intensification of the operation of that contradiction, which insistently calls for the replacement of exploiting capitalist production relations by relations of a new type. These reject the exploitation of man by man, and assert the supreme social principle, namely that of the fullest possible satisfaction of the material, cultural and spiritual needs of working people.

The experience of existing socialism shows that the outstanding achievements of the USSR and other countries of the socialist community, in particular of Mongolia, Cuba and Vietnam, were attained without a "socially necessary presence" of foreign monopolies.

CHAPTER V

INTERNATIONAL RIVALRY FOR ECONOMIC TERRITORIES

1. International Giants Divide Developing Countries Among Themselves Without Consulting Their Hosts

A number of factors have made it necessary for imperialism to seek new approaches to adapting the economic mechanism of the non-socialist world to specific characteristics of the present age. They include the increasing instability of world capitalism itself, the deepening crisis in its world economy, the intensifying inter-imperialist rivalry, the disruption of the international market mechanism and of the monetary and credit system, the inappropriateness of natural resource and wealth distribution structures that have outlived their usefulness, the new role of developing countries within the world capitalist economy, and the termination of financial capital's monopoly in the world economy with regard to raw materials and energy resources. In his report to the 25th Congress of the CPSU, L. I. Brezhnev stressed that "adaptation to the new conditions does not mean capitalism's stabilisation as a system. *The general crisis of capitalism is continuing to deepen*".[1]

The decline of world capitalism's sphere of dominance intensifies rivalry among industrialized capitalist countries and among state-monopoly associations as well as individual monopolies.

The growing economic power of international monopolies produces forms of competitive struggle that are particularly

[1] *Documents and Resolutions. XXVth Congress of the CPSU*, Novosti Press Agency Publishing House, Moscow, 1976. p. 33.

sharp and ruthless. The continuing concentration of production activities and of capital within the framework of world capitalism and expansion of international monopolies is proceeding very unevenly.

Their scale of operation permits them to influence the entire world capitalist system as well as the economic situation in individual states. They transfer enormous volumes of capital, deplete natural resources on a massive scale, pollute the environment, and curtail production activities in some countries and regions in order to shift them to other countries. They manipulate and exploit entire countries and entire working populations, both in industrialized capitalist countries and in developing countries.

International monopolies define their own "optimal" spheres of capital and resource allocation. Many countries and millions of people are drawn into their orbit of exploitation. They engage in intense forms of competitive struggle as they seek to "expand their economic territories and even their territories generally". In this connection Lenin wrote: "In the same way that the trusts capitalise their property at two or three times its value, taking into account its 'potential' (and not actual) profits and the further results of monopoly, so finance capital in general strives to seize the largest possible amount of land of all kinds in all places, and by every means, taking into account potential sources of raw materials and fearing to be left behind in the fierce struggle for the last remnants of independent territory, or for the repartition of those territories that have been already divided." [1]

International monopolies represent the highest leve of development of the private monopoly form of socializing production, which first develops on a national basis but then separates from it, as it were, and transforms itself into a cosmopolitan international form of dominance by finance capital in the world capitalist economy.

The uneven development of international monopolies is intensified by the internationalization of production and

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 262.

exchange activities, the concentration and centralization of capital, and the active support of bourgeois governments in their competitive struggles. This produces a great diversity of forms and methods of inter-imperialist rivalry in countries of Asia, Africa, and Latin America which range from open "peaceful" forms, such as trade wars and the bribing of administrative and government officials to such "violent" forms as coups d'état and assassinations of heads of competing firms. Intensive rivalries occasionally take place within the mixed firms and consortia operating in developing countries that are jointly established by several international monopolies. Thus Britain's Shell participates in 25 mixed enterprises, while the US Exxon participates in 35 such enterprises, including some that are located in developing countries. International associations of several major international monopolies were established in the 1960s and 1970s in order to divide spheres of influence and occupy new economic positions there. This led in particular to the establishment of ADELA Investment Company, in which firms belonging to 16 major international monopolies participate. Similarly, the Private Investment Company of Asia was established by a consortium that includes the USA's First National City Bank, ALCAN Aluminium Company, and the Japanese Bank of Tokyo, among others.

It is widely known that rivalries among Western monopolies are especially intense in developing countries possessing oil and natural gas deposits. US petroleum corporations took advantage of the energy crisis within their countries to weaken their rivals, particularly those producing coal and electricity, as well as in the automobile industry and electronics. This crisis also influenced such rivals of the USA as Japan, which depends almost entirely on oil imports, and the Federal Republic of Germany and Italy.

Some bourgeois economists portray the activities of international monopolies that engage the still fragile economies of many developing countries into the vortex of the economic turmoil of the capitalist world and sacrifice their economic and political interests to policies that produce the greatest possible profits to such monopolies as a model of how international monopolies must "come to

terms with the developing world in order themselves to survive in an increasingly competitive world".[1]

In spite of their unceasing rivalry international monopolies seek to coordinate their external economic expansion by developing specific forms of their global strategy in relation to developing countries. In 1975, two well-known American students of the world capitalist economy, R.J. Barnet and R. E. Müller published a book entitled *Global Reach. The Power of the Multinational Corporations.* They cite a large number of facts to show that the intensifying struggle of developing countries against multinationals compels the latter to coordinate their expansion. International conferences are becoming frequent in which representatives of major monopolies develop joint measures in opposing "nationalism that is inimical to all things foreign". Some of these conferences have produced proposals for a joint programme to create a "single world market", a system of international enterprise serving the "interests of all of mankind", "able to overcome famine and to provide each person with more goods and services". In fact these statements mask a resolve to develop more flexible forms for penetrating developing countries.

In order to maintain their common front against developing countries some of the international monopolies agree to make concessions to their stronger competitors even at a time of increased rivalry. In particular Japanese monopolies operating in Latin American countries continue to reckon with the dominant role of US monopolies in many ways despite their successful penetration of the economies of many countries on that continent, and seek to respect "gentlemen's agreements" relating to a division of spheres of influence. Following a conflict with US mining multinationals in the early 1970s the government of Peru invited two Japanese companies, Dowa Mining and Sumitomo Mining, to begin the development of new deposits. This offer was declined by the Japanese monopolies.

A coordination of activities of multinationals of different industrialized capitalist countries and of these countries'

[1] Louis Turner, *Invisible Empires. Multinational Companies and the Modern World*, Harcourt Brace Jovanovich, Inc., New York, 1971, p. 132.

governments has been clearly evident since the beginning of the 1960s. In particular leading international monopolies have established a special working group of the Atlantic community for developing Latin America (ADELA) to encourage the export of capital there. It consists of representatives of those monopolies that have agreed to finance it. From the very first it began to establish close ties with the OECD's Committee on Development Assistance.

The OECD's Consultative Economic and Industrial Committee (CCEI) operates in a similar manner. It carries out comprehensive pre-investment studies in developing countries to determine the nature of the investment climate.

The work of the Trilateral Commission, which was established in 1973 at the initiative of the largest international banking and industrial monopolies of the USA, Western Europe and Japan, offers a particularly interesting example of the way in which international monopolies seek to develop a common policy in opposing developing countries at a time when far-reaching crises are taking place in world capitalism. In analyzing the Commission's origins US Professor Richard Ullman of Princeton University notes that "the essential reason for uniting the North is to enable it to negotiate with the South more effectively".[1]

On the one hand, the Trilateral Commission represents an attempt by the USA to unite the three centres of world capitalism and establish a common front against developing countries and the international communist and workers' movement. At the same time, US multinationals are seeking to take advantage of the Commission's influence in their efforts to establish themselves once again as a leading financial group within the world capitalist economy.

The international economic conference in Paris (1975-1977), attended by representatives from the United States, West Germany, Japan and some other industrialized capitalist countries as well as 19 developing countries, showed how the leading Western industrialized powers seek to coordinate their policies in relation to developing countries. A major preoccupation of the Western political leaders concerned the development, coordination and execution

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[1] *Le monde diplomatique*, November 1976, p. 1.

of a single policy in their economic relations with developing countries. Between 1975 and 1977 these issues were discussed at summit conferences in Rambouillet, Puerto Rico and London. In particular at the London Conference (May 1977) the leaders of the world's seven major capitalist countries stated in their resolutions that their task was to integrate the capital investments of OPEC member-countries on some continuing basis. In other words, the Conference was concerned with dividing the "petrodollars" that are causing intense rivalries among monopolies.

In spite of the contradictions that divide them, the expansion of international monopolies thus expresses increasingly coordinated activities that are supported and aligned at the highest state levels of industrialized capitalist countries. In this connection it is interesting to note the document prepared by a group of French experts and recently published by France's General Commissariat for Planning. This describes the future of world economic relations as an order that will apparently "correspond to the current and anticipated interests of the major forces of the world's economic game (dominant countries, multinational firms and banks)".[1]

In order to preserve such an international economic order the document recommends that a corresponding selective and adaptive policy be carried out in relation to developing countries, with due consideration of their levels of development. It also recommends a strengthening of the Western powers' multinational linkages in order to overcome such obstacles as the "political unity" of developing countries in struggling for a fundamental restructuring of international economic relations. "The loss of a multilateral framework for exchanges would be unfavourable to France as to other European countries, to the extent that the latter would not hold a favourable position in negotiations [with developing nations—*E.N.*] in which only relations of force would operate."[2]

The West continues its attempts to split developing countries opposing neocolonialist arrangements in various ways, including the negotiating of separate deals. These also

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[1] Quoted in: *Economie et politique*, July-August 1978, p. 76.
[2] *Ibid.*

take into consideration the growing trend towards regionalization, that is towards the establishment of economic groupings and associations of Asian, African and Latin American countries. But industrialized capitalist countries support those groups that would remain under their influence and would create favourable "economic zones" for the penetration of international monopolies.

Aside from the creation of favourable conditions for the exploitation of these countries by international monopolies there is also interest in more comprehensive socio-political objectives. This relates to the fact that parallel with a certain period of growth in the productive forces of developing countries following the capitalist way, class contradictions become increasingly intense and a social gulf increases between a very small group of exploiting and parasitic social layers and large numbers of the population living in poverty.

Because the West understands the danger of social and class explosions for the destinies of capitalist development both in individual countries and throughout the imperialist system as a whole, it has initiated measures designed to reduce the intensity of growing class contradictions in a number of developing countries, and especially in those in which the political axis is increasingly shifting to the right in internal affairs and towards the imperialist powers in international affairs.

In October 1977, the OECD Development Assistance Committee announced that all of the West's programmes of economic "assistance" to developing countries would emphasize a dominant objective, namely, the satisfaction of basic human needs. Since a billion persons in developing countries live in conditions of poverty and many millions live on the edge of starvation, such an objective could only elicit approval and support. But aside from general declarations no specific measures were identified. In particular not a word was said to note that a reduction in military expenditures throughout the world would free enormous resources to struggle with poverty in developing countries.

One of the Committee's reports was explicit in stating that revolutionary conquest of power and the redistribution of wealth as a necessary condition for the development of

newly-independent countries should be replaced by another path that will "meet with the support of international circles [i. e., of the West—*E.N.*], in carrying out measures leading to a gradual evolution".[1]

Instead of proposing decisive common measures in establishing a new international economic order, the OECD member-states recommend that developing countries discuss various measures at a regional level and, together with the International Bank for Reconstruction and Development, "determine the general criteria for a programme directed at meeting the basic needs of man".[2] It may thus be seen that the so-called regional approach is again employed to divide developing countries and to stem their struggle against international monopolies, which is needed to carry out radical measures for increasing the standard of living and literacy in developing countries and improving the welfare of wide layers of their populations.

Similarly, the campaign initiated in the United States in defence of "human rights" also serves objectives of political propaganda that seeks to stem the struggle of the peoples of Asia, Africa and Latin America against imperialism and neocolonialism. Within the United States itself the generally accepted freedoms and civil rights of millions of Americans are grossly violated, particularly in the case of Blacks and Puerto Ricans, as thousands of persons languish in jails because of their progressive views, and nearly 7 million persons are deprived of their elementary right to work. At the same time, in violation of all international agreements concerning man's economic and civil rights, child labour is widely practised. Each year 375 thousand children between ages of 10 and 13 are employed in seasonal labour.

The United States has provided generous economic and military aid to countries with fascist, dictatorial and racist regimes, including Chile, Guatemala, Paraguay, and South Africa, where human rights have been brutally suppressed.

The growing technological gap between two groups of countries entering into the world capitalist economy, and the economic and cultural backwardness that developing

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1 *Coopération pour le développement*, Paris, 1977, p. 29.

2 *Ibid.*

countries have inherited from colonialism have impeded the expansion of international monopolies, particularly of those that represent technically advanced sectors of production, in the initial period after independence.

In those developing countries in which the big bourgeoisie has emerged international monopolies seek to attract it as a junior partner in exploiting local workers, the workers of other developing countries, and the workers in industrialized capitalist countries.

As they create a diversity of mixed firms, including firms that engage in import-replacing activities, international monopolies seek to attract certain layers of the local middle and petty trading and industrial bourgeoisie. In spite of the intensifying contradictions between foreign capital and the local bourgeoisie, the common class character of the interests of international financial oligarchy and local exploiting classes should be kept in mind. But it should also be recognized that the rivalry of specific layers of the local bourgeoisie with international monopolies is attributable to a striving to arrive at more advantageous conditions for receiving that part of the surplus value that originates in the labour activities of the given country's workers.

Such a "partnership" between international capital and the local bourgeoisie is an important factor in impeding the struggle of developing countries against the dominance of multinational corporations.

The 1970s were characterized by a further increase in the roles of bourgeois governments both nationally and internationally. A range of state-monopoly measures designed to establish closer relations between private monopoly capital and government agencies and to coordinate their long-term as well as short-term activities were defined whose purpose was to adapt the present capitalist system of world economic relations to a changing correlation of forces in the world in such a way as to produce the least possible disadvantages for major international monopolies. The bourgeois states are channelling the initiatives of developing countries to bring greater democracy into economic relations into "traditional" capitalist market relations. In particular they offer wide support to international monopolies in their struggle for controlling eco-

nomic territories. Increasingly they also assume the role of "a supreme arbiter" in regulating relations within the world capitalist economy.

The intensifying struggle of developing countries to strengthen their national sovereignty and achieve economic independence has forced imperialism to adapt prevailing state-monopoly mechanisms in such a way as to influence international relations between developing countries and the West. The military-industrial complex is playing an increasingly active role in developing the West's policies in this area.

2. The Commercial Activities of Military Firms and Their Spheres of Influence in Developing Countries

Multinationals are making wide use of the arms race and of the production of and international trade in arms in their drive to gain a foothold in developing countries. This is especially true of monopolies belonging to the military-industrial complex. It is difficult to find another area in world capitalism in which the interests of bourgeois states and private monopoly capital are so closely linked.

As the correlation of forces on the world stage changes, realistically-minded leaders in the West recognize that international détente is the only reasonable alternative to a world thermonuclear conflict. Throughout its over 60-year history, the Soviet Union has consistently followed Lenin's principles of a peaceful foreign policy. These have been given legal force in the USSR's Constitution. One of its fundamental principles concerns the peaceful coexistence of states belonging to different social systems.

The shift towards peace and reduced international tensions represented a qualitative change in the entire system of international relations. Subsequent events have fully confirmed the correctness of the CPSU's conclusion that in present-day conditions there is no fatal inevitability leading to a world war. This is a major contribution of the collective thinking of the international communist and workers' movement to the discussion of the appropriate

forms of revolutionary struggle today. Together with the other countries of the socialist community and all peace-loving forces throughout the world the Soviet Union undertakes every possible measure to ensure that international détente become irreversible and comprehensive, and that reactionary and militarist circles be unable to return the world to the grim years of the cold war.

One of the consequences of the cold war is that military expenditures have come to represent a substantial part of national budgets in many developing countries at a time when their resources are already greatly stretched. The engagement in such activities of an important share of the skilled labour force as well as military service for educated young people is a source of substantial difficulties in developing countries where shortages of specialists exist in all economic sectors. In addition many members of their officer corps receive training in Western countries where they are subjected to intense ideological, political, and psychological indoctrination.

It would be incorrect to view the army officers of developing countries merely as a social layer that is under the influence of external and internal reactionary forces. They include many genuine patriots animated by revolutionary sentiments and seeking to achieve far-reaching progressive changes in their countries' life. In a number of developing countries, however, as in the case of the Pinochet regime in Chile, reactionary military-fascist regimes have been established by upper-rank members of the officer corps.

Generally the socio-economic consequences of the armaments race are very far-reaching and exert a harmful influence on the general climate in many regions of the world. Reactionary military regimes in such Central American countries as El Salvador, Nicaragua, and Guatemala, for example, who are not threatened by any "external danger" as even US officials admit, are intensifying campaings directed against the basic rights of workers and the last vestiges of democratic freedom. Each year they receive US-made weapons valued at tens of millions of dollars that are then employed to protect the interests of US monopolies and the political influence of the United States and to suppress national liberation struggles.

Because of its aggressive nature contemporary capitalism seeks to impose armaments races on independent national governments as it pursues its own economic and political objectives. The encouragement of military conflicts and tensions in relations among the governments of developing countries makes it possible for imperialism to "play on contradictions", create divisions within the common front of developing countries, and play the role of a "supreme arbiter" in settling particular issues.

From an economic point of view military production has always served as a source of vast profits for the largest monopolies. It provides a guaranteed market for military products at high monopoly prices together with access to a variety of strategic materials at monopoly low prices. In the United States 100 major concerns have contracts with the Department of Defence for supplying military equipment. They include such leading international monopolies as McDonnell-Douglas, Lockheed, Northrop, General Electric, Boeing and General Dynamics.

Since the developing countries of Asia and Africa won their independence imperialist powers have sought to involve them in aggressive military alliances and to impose bilateral agreements on "military cooperation" which would mask the presence of military bases and military contingents on these countries' territories.

During the past decade, however, it has become evident that the West's policy of establishing aggressive military blocs and agreements has clearly failed. In particular SEATO has disintegrated and CENTO is experiencing a crisis. On the other hand military cooperation between the Association of South-East Asian Nations (ASEAN) and the ANZUS military bloc is expanding rapidly. Western powers would like to create a new military grouping within the framework of ASEAN that would replace SEATO, and do this through the intermediacy of Asian governments.

Reactionary imperialist forces continually provoke conflicts, military confrontations, and organize subversive actions and coups d'état in developing countries. As a result of the provocative activities of imperialism there have been 100 military conflicts in postwar years. In Africa,

for example, where a number of unsettled border and ethnic issues have remained from colonial times, reactionary forces are provoking armed conflicts.

The adverse effects of the arms race on developing countries derive from its comprehensively negative influence on all of mankind as it diverts enormous material, financial and human resources, creates a direct threat to human life and health and greatly retards the development of the countries of Asia, Africa and Latin America.

Economists have calculated that 5.5 to 6 trillion dollars have been spent on military needs during the past twenty years.

Military expenditures throughout the world are 400 billion dollars each year. This is more than twenty times greater than the Western governments' "development assistance". The contribution of developing countries to these expenditures is over 14 per cent. On the whole the military expenditures of developing countries are growing twice as rapidly as in the most developed capitalist states. While the gross national income of developing countries has been increasing at an average rate of 5 per cent per year, their military expenditures have been increasing by 7 per cent and expenditures for the purchase of arms by 9 per cent. The extent to which individual developing countries are involved in the arms race varies considerably. Their military potential increases for different reasons. In some countries this results from a need to strengthen and defend state sovereignty from direct or indirect aggression by imperialism or reactionary regimes in neighbouring states associated with imperialism. In other cases competition in arms results from reactionary external policies and hegemonistic strivings of ruling circles in individual developing countries.

In 1975, developing countries spent 26.3 billion dollars for military purposes. This is nearly twice as much as the total "development assistance" that they received during that same year from industrialized capitalist countries. In African countries military expenditures exceed by 3.5 times the resources allocated to public health, and by 1.5 times those allocated to education. In 1973-1974 there were nearly a million persons in the armed forces of thirty-five African countries.

The arms race is a heavy burden on the economies of developing countries that absorbs large unproductive expenditures and intensifies the imbalance of overall economic development.

In the mid-1970s nearly half of the military expenditures of developing countries were concentrated in four countries: Iran, Egypt, Saudi Arabia and Israel. It is characteristic that a leading role in this respect is played by developing countries that are of particular interest to international monopolies.

Some Western observers have expressed the view that the increasing cooperation of a number of oil-producing countries with international monopolies and Western powers in fulfilling a number of major contracts for military equipment is explained by a need to transfer in this way to industrially developed capitalist countries those petrodollar reserves that cannot be invested profitably.

In particular, Saudi Arabia has moved to a leading position in the purchase of arms. In 1975-1976, it paid 7 billion dollars for arms purchased in the USA, and moved to third place among arms-importing countries, leaving behind the FRG, Canada, Spain and Greece. Many thousands of foreign specialists have arrived in Saudi Arabia together with the planes, tanks, missiles and electronic devices. They include those from the US Department of Defence and major US military corporations, some of whom have held important positions in the US army in the past. Such a military presence of US military specialists is undoubtedly a special form of control by multinational corporations over the resources of the capitalist world's leading supplier of oil.

By 1982, the government of Saudi Arabia, with the help of the USA, expects to complete the construction of various military projects valued at 16 billion dollars. In the autumn of 1977 a military contract was concluded between Britain and Saudi Arabia for 500 million pounds sterling (the largest export agreement in British history). Under its terms, Britain is to provide "assistance in developing Saudi air forces", and 2,000 British experts will train Saudi air force personnel and also service British-made military equipment.

The Persian Gulf is viewed as a region of particular interest by the Pentagon and the US military monopolies. Together with Latin America and Southeast Asia it is seen as a sphere in which they should wield particular influence in providing military supplies for the developing countries.

Through the efforts of the United States and their monopolies the Persian Gulf area has been converted into one of the world's largest stockpiles of modern arms.

In spite of détente, the Pentagon and the US military-industrial complex do not intend to reduce their military presence there. In fact they plan to widen the network of US military bases and other facilities both in that region and in the Indian Ocean (the military bases in Bahrein in the Persian Gulf, and on the Masira Island in the Gulf of Oman) which are also intended to secure these highly advantageous spheres of influence for US oil multinationals. Between 1975 and 1977, the White House repeatedly issued directives to prepare for possible operations of United States ground, naval and air forces in the Persian Gulf.

Similar actions are initiated in Southeast Asia when overseas international monopolies call for military power to defend their economic interests.

International monopolies make use of the arms trade in order to strengthen their positions in different countries and regions. Since the Second World War, the USA alone has sold arms to 135 countries for one hundred billion dollars. Arms deliveries to developing countries have been increasing rapidly, and they are becoming a major market for the sale of lethal products. While the US arms sold to other countries in 1970 were valued at 921 million dollars, the figures for 1973 and 1974 were 8.8 billion and 9.3 billion dollars respectively.

Approximately one half of these arms were sold by the USA to countries of the Persian Gulf. By the mid-1970s, Saudi Arabia had acquired American military equipment valued at over 6 billion dollars. Iran's military expenditures increased by 5 times between 1970 and 1976 exceeding 12 billion dollars. According to foreign press reports Iran spent 7 billion dollars for military purposes in 1975. This is only slightly less than the French military budget and more than the Italian one. Following the revolutionary

developments there in 1979, Iran cancelled contracts for US-made weapons and other military hardware with 10 billion dollars.

Arms sold by industrialized capitalist countries each year total 20 to 30 billion dollars. This trade has increased by more than a hundred times since 1952. Those imperialist circles who oppose détente are seeking to launch another arms race by undertaking the production of cruise missiles and initiating the production of neutron bombs as well as new types of MIRVs and Trident submarines carrying missile systems.[1]

The new spiral in the armaments race means that military monopolies will try to market obsolete weapons systems in developing countries: this is a doubly profitable arrangement in which the initial cost of military equipment is paid by workers of the developed bourgeois states, and then the people of developing countries pay for them a second time.

The Western policy of "assistance" is closely linked to the expansion of international military monopolies. This is encouraged first by the direct appropriations of industrialized capitalist countries for "military assistance". Secondly, Western countries provide multibillion dollar credits in order to encourage the sale of armaments to developing countries. In particular, the USA, whose "assistance" to developing countries is less that 4 per cent of its own military budget, allocated 284.6 million dollars to military "aid" in fiscal year 1978-1979.[2] In addition to such official contributions to military "aid", the USA allocates hundreds of millions and even billions of dollars for military purposes both within the framework of its economic programmes and under special funding requests of the US administration. The primary recipients of US military "aid" are Israel, South Korea and Taiwan as well as other governments in which aggressive, militaristic reactionary circles are currently in power.

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[1] Each Trident submarine costs 1.2 billion dollars.

[2] *The Department of State Bulletin*, April 11, 1977, pp. 341-42. Loans of a hundred million dollars or more are frequently provided by other Western governments in order to pay for armaments sold to developing countries by their monopolies.

International monopolies that are not themselves engaged in the production of armaments often play the role of intermediaries in the sale of armaments to developing countries, and make use of such transactions in order to consolidate their own positions in certain spheres of production and marketing. In particular, the British international corporation Royal Dutch-Shell served as an intermediary in an agreement under which Iran was to provide heavy petroleum in return for one hundred anti-aircraft missiles produced by the British Aircraft Corporation.

In drawing developing countries into the arms race and into transactions relating to the sale of military equipment international monopolies seek to establish new forms of dependence for developing countries on such monopolies and on centres of imperialism. A number of developing countries, especially those that are ruled by militaristic and reactionary forces, are seeking to encourage the establishment of branch facilities for manufacturing various types of military equipment either on the basis of licences or of so-called co-production agreements with major international military firms. The governments of still other developing countries encourage such arrangements because they view them as opportunities to gain access to the achievements of scientific and technological progress that military industries are supposed to promote. They also argue that the cost of military equipment on world markets is increasing at such a rapid pace that it is more advantageous to produce it locally. A number of developing countries, such as Israel and Brazil, are actively engaged in exporting weapons in order to make use of the corresponding foreign exchange earnings to purchase weapons from the United States.

Increasingly, rather than exporting military equipment, military monopolies ship know-how to developing countries and establish subsidiaries or overseas divisions. In order not to create new commercial rivals to their own activities they often stipulate that the arms produced in developing countries should not be sold on external markets.

The general technological dependence of developing countries on international monopolies increases greatly in the military sphere, where the process of production itself requires preparatory stages or "training cycles" in

the training of local workers, technicians and engineers. These are carried out under the supervision of technical experts from international firms. Initially, operations are concerned with the servicing and testing of samples of the foreign equipment. This is followed by its assembly from parts produced abroad. Next the production of certain parts is organized on lathes and equipment brought from the firm making this type of arms.

Even though there are signs that as a result new competitors are appearing to the international arms monopolies as in the case of such countries as Israel and Brazil, which equip the Central and South American countries, for example, with light military transport planes, armoured cars and small arms (this may also be simulated competition, since both these countries basically market arms that are produced under US licences and re-exported with the agreement of US monopolies), industrially developed capitalist countries are nevertheless encouraging the "multinationalization" of military production in a wide variety of ways.

In this connection, French commentator M. Klare observes that "the permanent technological dependence that is created in this way offers many economic and political advantages to industrialized countries". In view of the length of the training cycle developing countries will always lag behind developed countries in their ability to assimilate new technology and will be continually obliged to import spare parts and materials in order to maintain their military capacity at a "modern" level. The directors of Northrop, a US military corporation, state that the production technology for arms assembled abroad will lag by 6-10 years by the time the foreign partner will have completed his "training cycle".[1] Subsequently, M. Klare concludes that a transition from direct exports of weapons to transfers of technology is likely to increase rather than reduce the political influence of traditional suppliers of arms.

At any moment a foreign monopoly may interrupt deliveries of equipment and spare parts, and thus stop the production of particular types of weapons in a develop-

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[1] *Le monde diplomatique*, February 1977, p. 5.

ing country for political or economic reasons. This results in large economic losses.

The development of military production in developing countries inevitably increases the possibility of military collisions and conflicts, in the course of which nuclear as well as conventional weapons may be employed. According to foreign press reports, Israel already possesses nuclear warheads. The spread of nuclear technology is taking place on an increasing scale through the construction of nuclear power stations and of uranium-enrichment plants in Brazil, Iran and South Africa.

Commercial transactions in nuclear technology are intensifying contradictions among monopolies of the USA, France, FRG and Japan. In recent years Western European and Japanese international monopolies have overtaken their US rivals and have received a significant share of orders in developing countries and industrialized countries as well (the FRG in Brazil and Saudi Arabia, and France in Iran, Pakistan and South Africa).

Arms production creates serious economic problems for developing countries. This opens the door to large investments, especially in petrodollars, in military industries rather than civilian economic projects.

The arms race and the development of military production in developing countries by international monopolies creates major social problems: a new social layer of local technicians and engineers emerges at assembly and other military production facilities established by monopolies in developing countries; they have been trained in Western countries and become members of an "élite" possessing a relatively high standard of living at a time of growing difficulties and deprivation for the majority of the population.

The scope of the influence of international monopolies on arms producing activities in a number of developing countries may be inferred from the following data (table, p. 233)[1].

These data show that the firms active in this area include not only such purely military international monopolies as Northrop and Colt Industries but also some of the largest international corporations such as Bell and such subsidiaries

[1] *Le monde diplomatique*, February 1977, p. 5.

Country	Local government or firm	Type of production	US monopoly
Argentina	Fabrica Militar	Plane, model 182	Cessna
"	" "	" " 150	"
"	RACA	Helicopter, model 500	Hughes
Brazil	EMBRAER	Parts for F-5E	Northrop
Indonesia	LIPNUR	Plane PL-2	Pazmany
Iran	Iranian government	Helicopter, model 214A	Bell
"	"	Lance missile, TOW	Emerson-Electric
Pakistan	Pakistani government	Radio AN/PRC-77	Cincinnati Electric
"	Pakistani Army	Plane 0-1	Cessna
	" "	Plane T-41D	"
Philippines	Philippine government	Rifle M-16	Colt Industries
South Korea	Oriental Precision	AN/PRC-77	E-systems
" "	South Korean government	Rifle M-16	Colt Industries
Taiwan	Taiwan Air Force	Plane F-5E	Northrop
"	"	Helicopter UH-IH	Bell
"	"	Plane PL-1B	Pazmany

of General Electric as Emerson-Electric and Cincinnati Electric for which the production of arms is only one of many other activities.

These monopolies constitute the basis of the military-industrial complex and employ the military-political and intelligence agencies of NATO, the CIA and also the International Monetary Fund and other bodies against workers and the trade union movement. A number of speakers at the Ninth World Trade Union Congress in Prague in 1978 exposed the activities of the military-industrial complex.

The arms race that is continually stimulated by reactionary circles in Western countries is leading to an unprecedented accumulation of arms. The policy pursued by these circles is meeting with increasing opposition from the forces

of peace and progress throughout the world. The Soviet Union is in the vanguard of that struggle. From Lenin's first Decree on Peace to the 25th CPSU Congress's Programme for the Further Struggle for Peace and International Cooperation, and for the Freedom and Independence of Peoples, it has consistently striven to bring the arms race to an end, help achieve general and complete disarmament, and establish relations of peace, mutual trust and cooperation among countries and peoples.

At the 25th Congress of the CPSU L. I. Brezhnev observed that the contribution of developing countries "to the common struggle for peace and the security of the peoples is quite likely to become still more substantial".[1] It is only given peaceful conditions and a consolidation of détente that the peoples of Asian, African and Latin American countries may struggle successfully for economic independence, strengthening their sovereignty over their natural wealth, achieving full liberation from the exploitation of international monopolies, and restructuring international economic relations on an equitable and democratic basis. The political declaration of the Fifth Conference of Heads of State and Government of Non-Aligned Countries states that the arms race is incompatible with efforts to establish a new international economic order because there is an urgent need to redirect resources currently engaged in intensifying the arms race towards socio-economic development, particularly in developing countries.

This position is identical with a section in the Soviet Government's Statement entitled "Concerning the Restructuring of International Economic Relations", which states that further progress in political and military détente, which is of primary importance for consolidating world peace, will also contribute to a normalization of the world economic situation.

What are the implications of even partial measures towards disarmament for the states of Asia, Africa and Latin America? If one considers that these states currently spend nearly 60 billion dollars per year on war preparations, a re-

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[1] *Documents and Resolutions. XXVth Congress of the CPSU*, p. 17.

duction of military budgets by approximately a third would release a volume of funds that is equal to the volume of foreign aid received by all developing countries. This alone would make it possible to begin radically solving some of the more urgent problems. The following is a list of such issues and the estimated costs of projects designed to solve them (in millions of dollars).

Vaccinations against infectious diseases to all newly born children	600
Basic medical services to the entire rural population	250
Assistance for low-cost housing to the urban poor	750
Additional food for 200 million chronically undernourished children	4,000
Additional nutrition for pregnant women to avoid the birth of defective children	1,500
Expansion of the elementary education network for 100 million additional persons	3,200
Provision of drinking water to 1.2 billion persons in cities and villages until 1990	3,000
Increase in agricultural production and overcoming of famine in the foreseeable future	3,000

A reduction of the military budgets of all members of the international community offers benefits to all developing countries. Given the present scale of military expenditures their reduction by one per cent represents 4 billion dollars a year (in absolute terms). These funds could be employed to accelerate the economic and cultural development of the world's lagging regions.

CHAPTER VI

A NEW STAGE IN THE STRUGGLE OF DEVELOPING COUNTRIES FOR THEIR SOVEREIGN RIGHTS

1. The Restructuring of International Economic Relations as a Major Prerequisite for a Successful Struggle of Developing Countries Against International Monopolies

The struggle of developing countries against imperialism and their striving to protect their political and economic rights, strengthen their national independence, and enhance their peoples' socio-economic and cultural development is also vividly reflected in the area of international economic relations. The very logic of that struggle requires that the elimination of colonialism be extended to that area as well.

A major line of efforts in uprooting colonial arrangements in world economic relations is the struggle against monopolies and against the exploitation of the natural, material and manpower resources of developing nations by developed capitalist countries. Some of the West's political leaders, too, find it difficult to deny that the current pattern of the world capitalist economy is advantageous only to the "few chosen countries", while most of the others derive no advantages from it. The Secretary General of the British Commonwealth, S. S. Ramphal, has noted that while between the mid-1970s and 1980 industrialized capitalist countries will have increased their per capita national income by 900 dollars, developing countries will have increased theirs by only 3 dollars. This is not, he admits, the outcome of a poor functioning of the world capitalist economic system but an outcome of that system itself. "The system promised order, stability and growth for the industrialized countries, for those who already wielded economic power, but it implied disorder, insecurity and deprivation for those who did not."[1]

[1] S. S. Ramphal, "The Other World in This One. The Promise of the New International Economic Order", *The Round Table*, London, Issue 261, January 1976, p. 63.

How much value can one then attach to widely publicized assertions of some of the leaders of industrialized capitalist countries that this system is destined to "serve the establishment of general welfare throughout the world", and that with the help of international monopolies it will be possible to introduce changes that will cause the "free market mechanism" to operate in a way that will guarantee the progress of developing countries. The facts, however, clearly show that unfortunately the world capitalist system of international economic relations that was established in the age of unimpeded colonialism has experienced altogether negligible changes and continues to function today. As for the "free market mechanism", it can serve as an article of faith only to persons who are very naive concerning world economic relations, where such a mechanism does not in fact exist. Instead there is a well-established system of state-monopoly regulation together with a continuation of existing forms and methods of imperialist exploitation of developing countries. International monopolies constitute a major element within that system.

Bourgeois governments and monopoly capital cannot ignore the fact that the struggle of developing countries for their economic independence is not a transient element, that these countries' vital development needs must be recognized and that the strength of developing countries derives from their joint efforts with forces of progress and democracy in establishing independent and developed national economies, rather than only from the individual efforts of each.

A major feature of the present situation is that with the support of world socialism, the international communist and workers' movement and all progressive, democratic and anti-imperialist forces, the national liberation movement is continually winning new successes. Above all they relate to major shifts in the correlation of world forces in favour of socialism, peace and social progress, a reduction in international tensions, a firmer assertion of the principles of peaceful coexistence, and the emergence of conditions for fruitful international economic, scientific and technological cooperation. In such a context two developments are particularly important, namely, those socio-economic changes that have occurred in countries liberated from colonial oppres-

sion and dependence, and the growing importance of their economic relations with the Soviet Union and other states of the socialist community.

Some of the newly-liberated countries occupy a special place in the world capitalist economy. In describing the nature of that system's economic relations, Lenin offered a deep analysis of its inherent contradictions, particularly the contradiction that results from the simultaneous operation of two objective trends. One is a trend towards closer economic ties among peoples that follows from the growth of productive forces, the internationalization of production and exchange, and the further development of the international division of labour under capitalism. The other is a trend towards the liberation of peoples from colonial oppression and towards their political independence, economic liberation, the establishment of independent national economies, and the destruction of the world capitalist economy's exploitative system.

The collapse of imperialism's colonial system and the creation of over 120 independent national states has brought to an end imperialism's extra-economic forms of exploitation of newly liberated peoples. Their newly won political independence also provides genuine opportunities for their liberation from the exploitation of international finance capital.

The major achievements of newly liberated countries in developing their economies and especially government sectors within their economies, in carrying out progressive agrarian reforms, nationalizing foreign monopolies' property, re-establishing sovereign rights over their natural resources, and training local specialists cannot be separated from an active and continuing support and assistance on the part of world socialism. Its influence on the destinies of newly liberated peoples is expressed both in the deep socio-economic changes of independent national states and in the changes that have taken place within the world economy's capitalist sector.

The USSR's cooperation with developing countries in the economic field and in science and technology is increasingly acquiring the dimensions of a dependable and mutually advantageous international division of labour that

stands in opposition to the system of imperialist exploitation. Imperialism has consistently opposed the development of truly democratic international economic relations among countries possessing different levels of development and different social structures.

The development of international economic relations based on equality was preceded by a deep revolutionary socio-economic process within world economic relations. Its beginnings date to the victory of the Great October Socialist Revolution in Russia, when Lenin wrote that "the Bolsheviks are establishing completely different international relations which make it possible for all oppressed peoples to rid themselves of the imperialist yoke".[1]

Under capitalism, the trend towards a greater economic closeness of peoples expresses itself in forms that correspond to that mode of production, namely through an exploitation of economically weak states by strong ones within the framework of the world capitalist economy. Following the appearance of socialism, however, that trend freed itself from the shackles of capitalist production relations and began to operate in harmony with its progressive internationalist essence.

This strengthens trends towards national economic autonomy and forms the objective economic basis of the support that world socialism offers to newly liberated countries. Lenin observed that an increasing closeness of nations is possible "only on a truly democratic, truly internationalist basis, which is *inconceivable* without the freedom to secede".[2] It was at the initiative of the Soviet Union that the United Nations Charter included more than three decades ago the requirement that international relations develop on the basis of the "principle of equality and self-determination of peoples".

From the very beginning the world's first socialist state has consistently applied the progressive democratic principles of international economic relations that characterize the new type of international division of labour, namely, equal rights, mutual respect for the territorial integrity

[1] V. I. Lenin, *Collected Works*, Vol. 31, p. 477.

[2] Ibid, Vol. 21, p. 414.

and sovereignty of states, non-interference in internal affairs and mutual benefit. At the same time the Soviet Union has spared no efforts in creating favourable conditions for newly liberated peoples in their struggle for social progress, liberation from imperialist and all other forms of exploitation, and for choosing revolutionary approaches to development that accord with the fundamental interests of the working population.

In his report to the 25th Congress of the CPSU General Secretary of the CPSU Central Committee L. I. Brezhnev noted that "the Soviet Union's attitude to the complicated processes taking place within the developing countries is clear and definite. The Soviet Union does not interfere in the internal affairs of other countries and peoples. It is an immutable principle of our Leninist foreign policy to respect the sacred right of every people, every country, to choose its own way of development. But we do not conceal our views. In the developing countries, as everywhere else, we are on the side of the forces of progress, democracy and national independence, and regard them as friends and comrades in struggle".[1]

While within the framework of the world capitalist system the trend towards economic convergence and the trend towards the achievement of national economic independence sharply oppose each other, the cooperation of the USSR and of other socialist states with developing countries in the economic field and in science and technology is based on a comprehensive mutual interaction of these two trends. This is expressed in concrete coordinated actions of states of the socialist community and newly liberated countries in solving major problems of national economic development and with regard to fundamental global economic and political issues. Such a harmonization of actions is especially important in opposing imperialism's attempts to weaken the alliance of world socialism with the forces of national and social liberation, isolate the latter from world revolutionary and progressive forces, and cut them off from the support and assistance of countries of the socialist community.

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[1] *Documents and Resolutions. XXVth Congress of the CPSU*, p. 16

The need to bring to an end the existing system of econom ic relations between industrialized capitalist countries and developing countries is thus closely linked to the strengthening of world socialism's alliance with the forces of national and social liberation. Newly liberated countries are increasingly aware of that alliance's importance for it is with the help of world socialism that they were able to achieve major socio-economic targets that have enabled them to win a succession of victories in their struggle against imperialism. In spite of many difficulties imperialism's former colonial and semi-colonial periphery is experiencing deep revolutionary changes.

In their external political relations, the overwhelming majority of newly liberated countries are participating actively in the struggle for peace and equitable cooperation among peoples. A clear anti-imperialist trend may be seen within the non-alignment movement, for example, in which many Asian, African and Latin American states participate. In particular the Fifth Conference of Heads of State and Government of Non-Aligned Countries made evident the striving of more than 80 newly liberated countries to struggle for an international political and economic order based on principles of self-determination, justice, equality and peaceful coexistence among peoples and countries.

Imperialism has suffered serious military and political setbacks. The aggressive policy of the United States in Indochina met with a harsh defeat. The victory of the Vietnamese people has made a remarkable contribution to the struggle of peoples for freedom and socialism. Together with the Socialist Republic of Vietnam, the peoples of the, People's Democratic Republic of Laos, and the Democratic-Republic of Kampuchea, too, have achieved a victory. In Africa, the Portuguese colonial empire has been destroyed, and Mozambique, Guinea-Bissau, the Cape Verde Islands, São Tomé and Principe have been developing successfully.

Nor did the imperialists and their local agents, namely South Africa's racists, succeed in strangling the young Republic of Angola. The struggle against racism and colonialism in Southern Africa has been widening.

In the political and economic sphere the following fact indicates the depth of revolutionary shifts in the zone of

national and social liberation: a large group of countries with a population of more than a hundred million is developing successfully on the basis of a socialist-oriented approach to economic development without according a dominant position to foreign capital. And in some of the socialist-oriented countries the revolutionary-democratic parties in power declare that Marxism-Leninism forms the ideological and political basis for their activities.

It is evident that a socialist approach provides many possibilities to peoples of newly liberated countries for achieving socio-economic progress in the interests of wide masses of the population and for achieving genuine political independence and economic autonomy. Inevitably the construction of new societies in socialist-oriented countries meets with difficulties due to the resistance of domestic reactionary forces as well as neocolonialist elements and forces of imperialism seeking to prevent their separation from capitalism. Their struggle demonstrates to all other countries that capitalism is not a system that is able to ensure rapid rates of proportional and planned economic growth and increase the standards of living of working people. At the same time contemporary capitalism seeks the help of neocolonialism in its efforts to reduce the independence that has been won by peoples to a mere formality.

In a report to an international scientific conference held on the occasion of the 60th anniversary of the Great October Revolution Academician B. N. Ponomarev observed that "using such neocolonialist levers as export of capital, manipulation of prices and exchange rates, and the pressure of multinational and international financial bodies, imperialism is trying to consolidate the dependent condition of the liberated countries and to perpetuate their backwardness".[1]

An increasing number of developing countries are resolutely opposing the domination of foreign monopolies and placing key sectors of their national economies as well as individual enterprises belonging to foreign monopolies under their own control. Data collected by the United Nations

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[1] *Triumph of Lenin's Ideas*, Progress Publishers, Moscow, 1978, p. 51.

indicate that between 1960 and 1974 there were 875 instances of nationalization of foreign property or of establishing control over it in 62 newly liberated countries. By comparison with the corresponding period in the 1960s the rate of nationalization doubled in Asian, African and Latin American countries during the first four years of the 1970s.[1] Imperialist powers have been unable to prevent that progressive process. In case after case their policy of pressure, blackmail, threats and economic blockades has met with failure.

In his Report to the 25th Congress of the CPSU, L. I. Brezhnev observed: "What have the main trends of change been in many of the liberated countries in recent years? Shifting of the centre of gravity in industrial development to the state sector, abolition of feudal landownership, nationalization of foreign enterprises to assure the young states' effective sovereignty over their natural resources, and formation of their own personnel. In short, far-reaching progressive changes are taking place in that part of the world, despite difficulties. This is certainly a process of historical importance."[2]

These far-reaching progressive socio-economic shifts in the life of newly-liberated countries have enhanced their international prestige, increased their role in world political affairs, and strengthened their ability to struggle against imperialism.

In the present situation the confrontation between newly liberated countries and imperialism is acquiring qualitatively new features that reveal a growing determination within these countries to solve the national problems attaching to their development in close combination with overall democratic transformations throughout the world, to assert the principles of peaceful coexistence between states with different social systems and encourage reliance on forms of cooperation based on equality and mutual advantage.

It is only in recent decades that most developing countries have won their political independence. But they cannot solve fundamental problems of development over a short historical period without strengthening their political independence,

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[1] United Nations Report A/9716, Annex, p. 10.

[2] *Documents and Resolutions. XXVth Congress of the CPSU*, p. 15.

and without their economic liberation from colonialism and neocolonialism. It is in struggling against imperialism and domestic reactionaries that they can overcome their age-old economic backwardness, establish a modern national economy, uproot archaic social structures, train local specialists, overcome illiteracy, poverty and disease, and create the economic prerequisites of comprehensive transformations in the interests of workers. This is evidence that the national liberation movement has entered a qualitatively new stage in which problems of economic and social development are becoming dominant.

The monopoly position of finance capital within the world capitalist economy represents a major obstacle to the achieving of economic sovereignty by developing countries.

The recent experience of independent development in Asian, African and Latin American countries has shown that they cannot limit their struggle against finance capital to a struggle against particular monopoly groups by one or several countries. They cannot overcome monopolies in merely one of the world capitalist economy's many sectors.

Their experience has clearly indicated that such a struggle must be comprehensive and extend to global economic dimensions, for imperialism is an international force that may be opposed successfully only through the collective efforts of all newly liberated countries in close cooperation with world socialism, the international workers' movement, and all progressive democratic forces, and with their active support.

The example of the Soviet Union and of other socialist states in following genuinely democratic principles in international economic relations and in their trade, economic, scientific and technical contacts with developing countries has deeply influenced capitalism's world economic relations.

Similarly the general position of newly liberated countries in their struggle with Western powers for restructuring international economic relations has been continually strengthened by the Soviet Union's consistent policy to normalize international economic relations and develop them on democratic and just foundations.

In consistently defending democratic principles in international relations the Soviet Union has contributed numer-

ous proposals and initiatives to many international forums and especially to the United Nations in defence of the sovereign rights of Asian, African and Latin American countries. It has been one of the initiators of the United Nations Conference on Trade and Development (UNCTAD) which has drawn the attention of world public opinion to the need for equitable economic cooperation. At its first session in 1964 the socialist countries proposed a programme of international economic cooperation that defined major lines of action for overcoming inequality and discrimination and for restructuring economic relations among countries on the basis of equality and mutual advantage.

Contradictions between developing countries and industrialized capitalist states became more intense towards the end of the 1960s. The operation of objective economic trends towards the internationalization of economic activities as well as towards economic independence within the framework of the world capitalist economy has unavoidably led to an intensification of these contradictions, particularly since one of the major elements in adapting that system to the deepening conflict between newly liberated countries and industrialized capitalist states, namely, the West's policy of economic "aid", had by then made evident its bankruptcy and inability to help the independent development of former colonial and dependent countries. Their own experience persuaded newly liberated countries that aside from the fact that the economic "aid" of imperialist countries cannot offer substantial additions to their own domestic resources, it does not contribute to their economic independence.

The crisis in the West's policy of economic "aid" has influenced the entire structure of international economic relations between capitalism's industrialized and developing countries.

By the second half of the 1960s specific socio-economic elements of an intensified disorganization of obsolete international economic relations began to form. At the same time the countries of world socialism were determined to provide the support that newly-liberated countries required in their struggle for a fundamental restructuring of these relations on a democratic basis. Early in 1967, L. I. Brezhnev, General Secretary of the CPSU Central Committee, observed that "in

the present situation the struggle of the Soviet state for the democratic rights of peoples and for a conclusive liquidation of all forms of colonial and national oppression is also acquiring a new form. At the initiative of the Soviet Union and with the active support of other socialist states, the United Nations adopted the well-known Declaration on the Granting of Independence to Colonial Countries and Peoples backed by the overwhelming majority of the Third World" and a number of other international legal documents.[1]

A number of factors contributed to the growing awareness of the need for a decisive national as well as international struggle with imperialism by the peoples of Asian, African, and Latin American countries. They included the steadily growing progressive influence of the countries of world socialism on newly-liberated countries, and particularly their historical experience in developing the economies and cultures of formerly backward and oppressed peoples, the implementation in the Soviet Union of the Leninist principles of sovereign national development, and the cooperation and assistance of socialist countries within the Council for Mutual Economic Assistance.

Inevitably the growing struggle of newly-liberated peoples to overcome their age-old backwardness and develop their national economies has led to sharper contradictions with imperialist powers. The latter are seeking to retain a world monopoly of finance capital even after it has been undermined through the USSR's and other socialist countries' granting to newly-liberated countries of credits, various types of equipment and other assistance in transferring the most up-to-date technology and training local specialists.

During those years the growing nationalization of foreign property in some developing countries tended to undermine finance capital's raw-material monopoly within the world capitalist economy. This was the sphere in which the plundering of natural resources was most blatant.

But generally the struggle of developing countries in that period was waged by individual countries or groups of countries. It did not yet develop an integrated character

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[1] *Pravda*, February 4, 1967.

and did not encompass the entire system of inter-government relations between newly-liberated countries and industrialized capitalist states.

As they sought to rely primarily on domestic resources in their national development, developing countries became increasingly convinced that their efforts were encountering opposition by Western powers seeking to maintain the unequal exploitative relations within the world capitalist economy. This is the framework within which newly-liberated countries received the greater part of their revenue from exports and within which they continue to find the major external sources of capital, equipment and technological know-how.

Additional contradictions between the big bourgeoisie of individual nations and the monopoly capital of Western powers have resulted from the development of productive forces in a number of developing countries and the establishment of local national capital, which has in some cases attained relatively high levels of concentration and monopolization.

The complex and contradictory nature of economic relations between imperialism and developing countries has been aggravated by the increasing gap between the growing influence of developing countries in world politics, and their dependent position within the world capitalist economy.

Given the constant political, diplomatic, military and economic support of the USSR and other socialist countries, developing countries have become full-fledged, sovereign participants in international affairs, their voices have come to be heard in major international forums and their initiatives and proposals have been accepted in major political decisions. Yet, in decisions relating to the world capitalist economy that are vital to them, the interests of developing countries were in fact ignored. For instance, although the number of developing countries in the International Monetary Fund has tripled during the past ten years their representation in its executive bodies has hardly changed.

Having monopolized the right to take major decisions concerning the world economy, and having ignored the sovereign rights of newly-independent countries in the sphere of international economic relations, imperialist powers had

expected that they could continue to divide spheres of influence and sources of raw material among themselves, as well as profitable markets, countries and economic sectors.

A new stage in the struggle among imperialist countries for an economic redistribution of the reduced sphere of world capitalist domination began in the mid-1960s. It occurred at a time when the internationalization of economic life had become more intense and when the scientific and technological revolution was accompanied by a growing concentration, monopolization and intertwining of capital on a world scale. Imperialism is seeking to compensate the undermining of its global economic monopoly through a strengthening of international finance capital as represented by international monopolies.

It has already been noted in the preceding chapter that these monopolies have intensified their activities and are becoming major participants in the economic reshaping of the capitalist world, both within the framework of its integrated groupings, such as the Common Market, and by integrating Asia, Africa and Latin America into the world capitalist economy as unequal and dependent components.

In the second half of the 1960s the capitalist economy's mechanism of state-monopoly regulation began to falter as periodic economic declines took place now in Western Europe, now in the United States, as if preparing the ground for capitalism's global economic crisis in the mid-1970s which has been the deepest one since the Second World War.

A number of specific features have marked the further development of the newly-liberated peoples' struggle for a fundamental reorganization of international economic relations in recent decades. First, this economic struggle has been intimately linked with major socio-political shifts taking place in the world, and especially with a change in the correlation of international forces in favour of socialism, peace, democracy and social progress.

Under the present world correlation of forces, the unacceptability of international relations based on inequality, discrimination and exploitation is particularly evident.

Second, this struggle is not a purely economic one. It

forms a component within the general democratic struggle for a fundamental restructuring of all inter-state relations on the basis of such principles as the peaceful coexistence of states with different social structures, international détente, the cessation of the arms race, the prohibition of nuclear weapons, and the non-use of force in international relations. The historic Helsinki Conference on Security and Cooperation in Europe, in the summer of 1975, in which 35 states participated, noted the close interdependence between international détente and the development of comprehensive worldwide cooperation among nations based on equality and mutually advantageous long-term economic relations.

A wide international cooperation is an objective requirement for maintaining and consolidating peace on our planet. The development of mutually advantageous economic relations based on equality offers a firm foundation for a political settlement of international conflicts. It creates favourable conditions for solving the fundamental problems that are of concern to all of mankind, including the full abolition of colonialism, racism, apartheid, famine and illiteracy, protection of the environment, the pollution of the atmosphere and the seas, the development and utilization of new sources of energy, the forestalling of natural disasters, and prophylactic measures as well as medical care in relation to the most dangerous diseases.

Third, that struggle is taking place in the context of major revolutionary changes in the world and contributes to the consolidation of an alliance of all revolutionary progressive forces, and in the first place of world socialism, the international workers' movement, and fighters for national and social liberation. The final document of the Conference of the Communist and Workers' Parties of Europe entitled *For Peace, Security, Cooperation and Social Progress in Europe* states that "the democratization of international relations and the development of international cooperation on the basis of equality and mutual benefit to all peoples are aims of great importance in the struggle for the establishment of an international community free from imperialism and neocolonialism wherein the great disproportions between developed and developing countries can be overcome,

and which will be based on the full independence of each and every nation and on their active participation in the solution of mankind's problems".[1]

Fourth, the overwhelming majority of newly-liberated countries are actively participating in the struggle for a democratic restructuring of international economic relations. It is important to recognize not only the growing unevenness in their rates of growth and their general economic situations as well as differences in their socio-economic developments but also, as some Western observers have noted, the presence of both "radical" and "moderate" wings within developing countries opposing the dictates of imperialism. The most consistent struggle for a fundamental reorganization of international relations on a democratic basis is being waged by the socialist-oriented nations, such as Angola, Algeria, the Republic of the Congo and Ethiopia, among others. Their fundamental interests fully accord with the position of the countries in the world socialist community.

A number of socialist countries such as Cuba, the Socialist Republic of Vietnam, and others, are active participants in the movement of non-aligned nations and contribute in important ways to a further activation of the struggle of newly-liberated peoples to assert their democratic rights and sovereignty on the international scene. Socialist Cuba is an active member of the Latin American system of regional economic integration in which the United States of America does not participate. Although the act creating the LAES was signed not very long ago, namely in October 1975, that organization's programme of action is already being carried out. It envisages cooperation in implementing plans of industrial and agricultural development, the creation of a Latin American information system, and consultative activities in developing common positions on particular international issues.

The Latin American economic system contributes tangibly to that region's independent economic development and to its more comprehensive and effective utilization of raw

[1] *For Peace, Security, Cooperation and Social Progress in Europe, Berlin, June 29-30, 1976*, Novosti Press Agency Publishing House, Moscow, 1976, p. 57.

material, energy and food resources. Joint firms established by Latin American Economic System for marketing a number of traditional export commodities have already begun to operate within its framework. Such measures help reduce the dependence of Latin American countries on the world capitalist market and thus constrain the power of imperialist monopolies to some extent, particularly of US ones.

At the present time, the scope of the struggle for changing the capitalist system of international economic relations has widened to such an extent that it involves the peoples of all developing countries, including those in which capitalist trends of development prevail and those in which the further course of socio-political development has not yet been defined.

With the help and support of the Soviet Union and of other countries of the socialist community developing countries have been resolutely advocating the liquidation of colonialism and neocolonialism in the sphere of international economic relations during the past decade and the overcoming of their dependent and unequal position within the framework of the world capitalist economy.

This has forced Western powers to manoeuvre and make certain concessions as they promise to increase their economic "assistance" to developing countries and to improve the terms on which they engage in trade.

In this connection, however, the statement of the Soviet government made at the 31st General Assembly of the United Nations concerning the restructuring of international economic relations says that "these concessions, too, are usually tied in with monopoly controls over the expenditure of the funds that they have made available, with opposition to the creation of a state sector in the national economies of developing countries, as well as with an insistence on expanding possibilities for investing private foreign capital".[1]

In recent years theories have appeared in the West to convince developing countries that they must find "areas of common interest" in order to solve problems associated

[1] *Pravda*, October 4, 1976.

with international monopolies. Proposals were made to establish a supranational body that could regulate the activities of such monopolies both in industrialized capitalist countries and in developing countries. They were immediately rejected because of their utopian and non-viable nature-

A proposal was also made to coordinate the national pol. icies of developing countries with those of international monopolies, to collect and generalize data concerning international monopolies, and to agree upon a code of conduct for multinational corporations which would carry "a commitment to support governments taking corrective action against firms in breach of it".[1]

Such proposals to coordinate the policies of Asian, At rican and Latin American countries seeking to constrain the expansion of international monopolies, and also to study new forms and methods for engaging these countries into the sphere of their exploitation deserve attention. But it should be stressed that the struggle of developing countries against international monopolies cannot be reduced to recommendations and research activities alone. Imperialism cannot ignore the growing influence of newly-independent states. In particular, G. Williams, Chairman of the OECD's Development Assistance Committee, has recognized that "the unequal association of 'partners' that prevailed during the 1960s" was "replaced by more mature relations between industrialized and non-industrialized countries, relations, which contribute to the latter's efforts in meeting their economic problems".[2]

The fact that developing countries are able to oppose imperialist pressure even within the orbit of the world capitalist economy shows that Asian, African and Latin American countries are becoming full-fledged participants in international economic relations, and that the correlation of forces within the world capitalist economy has changed in favour of these countries rather than of particular groups of monopolies and imperialist powers. It is only when the correlation of forces in the capitalist world began to con-

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[1] R. Green, H. Singer, "Toward a Rational and Equitable New International Economic Order: A Case for Negotiated Structural Changes", *World Development*, Vol. 3, No. 6, Oxford, 1975, p. 436.

[2] *L'Observateur de l'OCDE*, September-October, 1975, p. 6.

flict with the existing distribution of spheres of influence, markets and sources of raw materials, that these contradictions exploded and a new stage began in the crisis of the world capitalist economy. Today the growing role of developing countries in the sphere of international economic relations aggravates the current phase in that crisis. Addressing the 25th Congress of the CPSU, Fidel Castro, First Secretary of the Central Committee of the Communist Party of Cuba, stated that "had it not been for the Soviet Union, in conditions of a shortage of raw material resources and of an energy crisis the capitalist powers would have unhesitatingly launched a partition of the world. Had it not been for the Soviet Union, it would have been impossible even to conceive of the measure of independence now enjoyed by small states, the successful struggle of the peoples for the return of their natural riches under their control, or the fact that their voice now resounds impressively in the concert of nations".[1]

In recent years the struggle of developing countries for the right to be masters of their own national resources and for overcoming the traditional inequalities in the distribution of revenues obtained from the sale of these resources within the world capitalist economy has acquired the dimensions of an offensive that has been formalized in the decisions of a number of representative international forums and conferences, and especially in documents of the United Nations. That struggle is no longer limited to mere appeals to change existing economic relations between capitalism's industrialized countries and newly-independent states. Rather it is marked by vigorous joint actions on the part of developing countries that integrate measures bearing on all major sectors of the world capitalist economy, including energy and raw material resources, trade, monetary and financial relations, economic assistance, access to new technology, the transfer of scientific and technical know-how, the activities of international monopolies, transport, and the protection of the environment.

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[1] *Our Friends Speak*, Novosti Press Agency Publishing House, Moscow, 1976, p. 34.

A new element in this struggle of developing countries is the fact that they disproved the view that a further deterioration of their position within the world capitalist economy is a "fatal inevitability", as a number of bourgeois economists have asserted. Instead there is a growing self-awareness on the part of peoples of newly-independent countries that cannot be ignored by their ruling circles, including those who until recently accepted the view that it is impossible to alter the world capitalist structure of economic relations.

A number of Western economists who defend the thesis that industrialized capitalist countries are also interested in a restructuring of international economic relations argue that a new economic order will reduce the impact of "recessions and inflations". Attempts by centres of imperialism to shift the consequences of economic difficulties on to their weaker partners, and in the first place to developing countries express a characteristic mode of behaviour of the world capitalist economy.

In 1972, at the Third Session of UNCTAD, newly-liberated countries voiced their insistence that they be given an equal right to participate and vote all discussions of monetary, financial and trade issues. In 1974, at the initiative of Algeria and with the support of the USSR and other countries of the socialist community, a Sixth Special Session of the UN General Assembly was convened that adopted a Declaration on the Establishment of a New International Economic Order and a Programme of Action. The Declaration asserts the full sovereignty of each state in controlling its natural resources and its entire economic activities, including its right to nationalize and control multinational monopolies.

In the Programme of Action on the Establishment of a New International Economic Order adopted by the Session it is stated that:

"All efforts should be made to formulate, adopt and implement an international code of conduct for transnational corporations:

"a) To prevent interference in the internal affairs of the countries where they operate and their collaboration with racist régimes and colonial administrations;

"b) To regulate their activities in host countries, to eliminate restrictive business practices and to conform to the national development plans and objectives of developing countries, and in this context facilitate, as necessary, the review and revision of previously concluded arrangements;

"c) To bring about assistance, transfer of technology and management skills to developing countries on equitable and favourable terms:

"d) To regulate the repatriation of the profits accruing from their operations, taking into account the legitimate interests of all parties concerned;

"e) To promote reinvestment of their profits in developing countries."[1]

It should be noted that in referring to cooperation on the basis of equality, this important document in international law cites the example of the Soviet Union, which in 1965 unilaterally renounced all its tariff duties on products imported from developing countries. Bourgeois economists have calculated that had the West followed the example of the USSR, Asian, African and Latin American countries would have received an additional 35 billion dollars each year.[2]

The growing volume of exploitation and plunder of newly-liberated countries by imperialism that is made possible by the existing system of economic relations between industrialized capitalist countries and members of the former colonial periphery indicates that partial measures in "modernizing" these relations and certain concessions on the part of the West will not suffice. Only a full, comprehensive and radical restructuring of that sector of international economic relations will permit the developing countries to achieve economic sovereignty, assume an appropriate position in world economic relations, and solve the fundamental problems of their development.

In December of 1974 a Charter of Economic Rights and Duties of States was adopted by an overwhelming majority at the 29th Session of the UN General Assembly. This

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[1] *General Assembly. Official Records: Sixth Special Session*, Supplement No. 1 (A/9559), United Nations, New York, 1974.

[2] *MEiMO*, No. 8, Supplement, 1975, p. 58.

asserts the right of developing countries to economic sovereignty, that is the achievement of economic independence and full liberation from imperialist exploitation.

The struggle of developing countries to achieve economic sovereignty has met with wide international recognition, and imperialist powers have had to recognize that inalienable right of newly-liberated countries.

An international legal basis for carrying out a complex programme for restructuring economic relations in one of the major sectors of the world capitalist economy was prepared by the Seventh Special Session of the UN General Assembly that met in 1975, the Fourth Session of UNCTAD in 1976, the Fifth Conference of Heads of State and Government of Non-Aligned Countries, and other subsequent international forums, including the Conference on Economic Cooperation of Developing Countries in Mexico (October, 1976).

That programme envisages the establishing of new international economic relations based on the principles of peaceful coexistence, justice, full respect for the principles of equality among states, non-interference in internal affairs and respect for different socio-economic systems, as well as on the right of each state to exercise full and permanent sovereignty over its natural resources and its entire economic activity. It envisages a liquidation of colonialism in all spheres of external economic relations and their transformation from an instrument of imperialist exploitation and plunder of developing countries into an important factor in the more rapid economic and socio-political development of these countries.

It is evident that specific proposals concerning the sovereign economic rights of newly-liberated peoples that had already been made by the USSR and other socialist countries at UNCTAD's First Session in 1964, are serving as a basis for specific programmes of action of Asian, African and Latin American countries in their struggle for abolishing the old colonial patterns in international economic relations.

Fundamental principles bearing on the restructuring of the system of international economic relations have been formulated in a number of documents. These include the

Declaration on the Establishment of a New International Economic Order, the Charter of Economic Rights and Duties of States, the Manila declaration and Programme of Action approved by the Third Conference of Ministers of the Group of 77 (in effect, 117 countries are members of this group today), and the Economic Declaration of the Fifth Conference of Non-Aligned Countries. They extend to such problems as a) general international recognition and respect for the unlimited national sovereignty of developing countries over their natural wealth and other resources, including the right to nationalize foreign property, voting powers in all discussions relating to world economic relations; b) changes in the structure of the international division of labour that developed during the colonial period and no longer corresponds to the present correlation of forces in the world; c) a full restructuring of international trade on an equitable basis by improving the terms of trade of newly-independent countries (in particular through the mechanism of an "indexation" of prices, i.e., a linkage of prices of primary commodities exported by these countries to prices of manufactured goods imported from industrialized capitalist countries), increasing their share in world trade by increasing the volume of locally processed raw materials, diversifying their exports and unimpeded participation in the transportation and marketing of their output and facilitating the sale of products exported from newly-independent countries on Western markets; d) a radical revision of the existing system of monetary and financial relations with due recognition of the interests of newly-independent countries in ways that provide for their equality with industrialized capitalist countries in the taking of relevant decisions; e) providing for transfers of financial resources to newly-independent countries, particularly the poorest ones, in the form of international assistance with full respect for their independence and adopting measures to facilitate transfers of the newest technology as well as scientific and technical know-how; f) control over the activities of international monopolies; and g) changes in procedures relating to the settlement of newly-independent countries' external debts.

Within the Declaration the principles describing the

new economic order envisage "a regulation and supervision of the activities of transnational corporations by taking measures in the interests of the national economies of the countries where such transnational corporations operate on the basis of the full sovereignty of those countries". As for the Programme of Action it calls for measures to prevent interference in the internal affairs of the countries where they operate and to prevent "their collaboration with racist regimes and colonial administrations", as well as "to regulate their activities in host countries, to eliminate restrictive business practices and to conform to the national development plans and objectives of developing countries".[1]

This last point is of considerable significance since for the reasons that have already been mentioned and especially because of their economic backwardness, developing countries will have to rely on foreign private capital, technology, technical know-how and foreign specialists over a long period of time in meeting the needs of their development. But while paying a certain tribute, as it were, to international finance capital, developing countries must not abandon their sovereign rights. They must rigorously constrain and control the activities of international monopolies, by limiting their expansionist strivings to the framework of their national development plans and by preventing them from their exerting a decisive influence on the course and character of their socio-economic development.

At international conferences at which representatives of Western powers are engaged in what they call a dialogue between the North and the South they seek to obtain a commitment from developing countries to guarantee private investments or "maintain a healthy climate for investment in developing countries" as a condition for considering questions relating to the restructuring of international economic relations.

It is widely known that the idea of an "indexation" of prices in international trade was proposed more than a

[1] The term "restrictive business practices" refers to the plundering of the natural and material resources of developing countries and the unwillingness of international monopolies to invest additional capital in the modernization of existing production facilities. It also refers to an absence of restrictions on transfers of profits outside these countries.

quarter of a century ago. Today it has been embodied in an integrated programme of developing countries that envisages a normalization of international trade in raw materials.

The joint declaration of socialist countries at the Fourth Session of UNCTAD in Nairobi stated that this integrated programme should constitute a complex reorganization of both the world raw materials market and the raw materials sectors of newly-independent countries. Above all it must provide for the national sovereignty of liberated countries over their own resources and their utilization and an integrated set of measures extending to production activities and the processing and export of raw materials as well as to an effective limiting of the spontaneous market forces that together with the dominance of monopolies constitute the basic obstacle to a full normalization of the raw materials markets.

In particular the integrated approach proposed by socialist countries envisages a system of stabilizing international commodity agreements of a new type in which both exporting and importing countries would participate. It would provide for raw materials prices which would be economically justified, equitable and advantageous to both producers and consumers. At the same time progress in science and technology would provide a basis for increasing the production and consumption of, and trade in raw material commodities, while shifts in the relation of prices for raw materials and manufactured goods would also be taken into account. Proposals concerning cooperation in production activities and technical and scientific cooperation among developing countries have been given an increasing emphasis in recent years. Such forms of cooperation already exist, as, for example, between Iraq and India, and Algeria and the Congo. This represents a major objective of the integrated programme that reduces the dependence of developing countries on international monopolies and disrupts the basis of technological neocolonialism.

Leading Western powers, and especially the United States, have rejected the proposal for such an integrated programme to restructure the raw materials sector of the world capitalist market. They have proposed instead their

own plan for creating a so-called international raw materials bank. Essentially this would open doors widely to private capital in developing countries and transform their economic sovereignty into a mere formality. It would also offer guarantees to monopolies investing capital in the exploration and exploitation of these countries' natural resources.

Industrialized capitalist countries are forced to accept the increasingly active role of newly-independent countries in world political affairs, and to recognize their increasing economic potential and their demands for restructuring international economic relations. But many of the Western powers would prefer to make only minor concessions, or else maintain a *modus vivendi* in world economic relations by restricting themselves to widely publicized promises to share "responsibilities in developing the future world economy". Like other leading Western powers, the USA is continuing its attempts to create divisions among newly-independent countries and to frighten them by referring to "losses" that would allegedly result from their "inimical and unrealistic" policies in world economic relations.

It was noted in a special document of the 61st Session of the UN Economic and Social Council that met in Abidjan (Ivory Coast) in the summer of 1976 that developing countries expressed deep concern over the serious difficulties impeding the implementation of the tasks and objectives defined in the Charter of Economic Rights and Duties of States. The authors of that document stressed that discrimination against developing countries on the world capitalist market was continuing and that attempts to carry out the resolutions of the Sixth and Seventh Special Sessions of the UN General Assembly were encountering a variety of obstacles. Representatives of newly-independent countries expressed serious dissatisfaction and disenchantment with the lack of results of the so-called constructive dialogue being carried out by Western powers both within and outside the United Nations. In particular the trade agreement between the Common Market and 54 countries of Africa, the Caribbean and the Pacific that was concluded in February 1975 has in fact proved advantageous to the nine imperialist powers. Their promises to take the interests of new national states into consideration were in fact

ignored. The journal *Le Moniteur africain du commerce et de l'industrie* wrote (February 16, 1977) that the nature of the relations imposed on African states by the EEC countries within the framework of the Lomé Convention permitted them to increase their wealth at the expense of developing countries.

The Lomé Convention expired on March 1, 1980.

Negotiations ara now being held to prolong it. In September 1978 negotiations were initiated to revise it and sign a new convention of the countries of Africa, the Caribbean and the Pacific (ACP). In the course of these negotiations the outcome of activities relating to the implementation of its provisions became clearly apparent. In spite of certain concessions by countries of the Common Market the neocolonial character of that convention was evident to that group of developing countries.

The agreement did not produce any visible economic growth in the ACP countries. In fact they were integrated more closely to the imperialist market and to its uncontrollable inflation, its gap between prices for manufactures (41 per cent of the ACP countries' imports originate in the EEC) and foodstuffs and raw materials (which represent 60 per cent of the exports of ACP countries to the EEC), and its intense rivalries, protectionist barriers and dominance of international monopolies.

The current compensation system for raw materials sales, Stabex, is ineffective. As export revenues decline compensation is given for yearly declines of 7.5 per cent providing that one of the nineteen major export commodities accounts for 7.5 per cent of the values of exports of developing countries. Because of the growing prices of manufactures imported from the EEC the compensation payments received by ACP countries have lost their value.

Moreover, Common Market countries wish to add a human-rights provision to the new convention and relate compensation payments to "respect for these rights". The judges will be the imperialist powers themselves, who thus propose to actively interfere into the internal affairs of developing countries under the pretext of a concern for human rights.

The ACP countries are disappointed by the results of

industrial cooperation with Europe's "Nine", which develops slowly as specific measures for implementing it are still being drafted. The Centre for Industrial Cooperation that was established under the terms of the Lomé Convention began to operate only in 1977. It possesses limited powers to enlist Western European firms in the transfer of new technologies to ACP countries.[1]

The struggle of developing countries for a reconstruction of international economic relations will be long and difficult. But the democratization of international relations and the development of cooperation based on equality and mutual advantage are closely interrelated progressive trends that will inevitably assert themselves in international affairs.

Today's revolutionary forces are participating actively in the struggle to assert democratic principles in inter-state relations, liquidate colonialism and neocolonialism, and restructure the sphere of international economic relations fundamentally. The final document of the Berlin Conference of the Communist and Workers' Parties of Europe, which met in the summer of 1976, states that "the socialist countries, the movement of non-aligned countries, the revolutionary and progressive forces in developing countries and the working-class and democratic movements are fighting for the establishment of new international political and economic relations on the basis of justice and equality".[2]

The current state of international economic relations in the capitalist world economy does more than merely impede the fundamental interests of the peoples of newly-independent countries. It exerts an adverse influence on the position of the working masses and of wide layers of the population in the developed capitalist countries themselves, which are suffering from an economic, monetary, financial and energy crisis, from unemployment, inflation, and periodic declines in output. The policy of exploitation and plunder of peoples of former colonies and dependent countries that is being carried out by finance capital and bourgeois states benefits only a small layer of ruling circles

[1] *BIKI*, September 7, 1978.

[2] *For Peace, Security, Cooperation and Social Progress in Europe, Berlin, June 29-30, 1976*, p. 58.

associated with large monopolies and is foreign to wide labouring masses of developed capitalist countries, particularly since these countries' reactionary external economic policies are accompanied domestically by pressures on workers' rights.

During the past decade signs of a further deepening of the crisis of the world capitalist economy have become fully evident and have led to qualitative changes in the balance of forces between developing countries and imperialism. Developing countries, which at one time were objects of international economic relations, have now become active subjects. Imperialism has lost its ability to freely dispose of their resources of energy and raw materials and has to give greater consideration to these countries' views in major spheres of international economic relations.

The state-monopoly regulation of relations with developing countries has proved to be an ineffective mechanism in averting a deep structural crisis in capitalism's world economic relations and in maintaining the exploitation and plundering of the developing countries' natural, material and manpower resources.

The world capitalist economy's current crisis extends to the sphere of material production and circulation. One of the major forms in which it expresses itself is that newly-liberated countries no longer wish to be economically dependent on and exploited by imperialist powers. The 1970s were marked by far-reaching changes in the correlation of world forces, and by a change in the planet's political climate associated with the assertion of the principles of peaceful coexistence, international détente and practical measures in overcoming colonialism in the sphere of international economic relations.

The establishment of cooperation based on equality and mutual advantage has become a progressive objective trend that can no longer be suppressed. It promotes international détente and operates as an economic basis for that process. Never before did the newly-independent countries' struggle for restructuring economic relations within the framework of the world capitalist economy acquire such a worldwide political significance. It extends beyond that framework and constitutes one of the approaches to a de-

mocratization of political and economic relations among states.

The continuing colonial character of economic relations between the industrialized capitalist countries and newly-independent states is inconsistent not only with the latter's fundamental interests but with the basic international and democratic rights and freedoms of all peoples. In the years during which newly-liberated countries have developed independently it has become evident that given support and assistance from the world socialist system they can oppose imperialism's dictates and struggle successfully for their economic sovereignty even within the framework of the world capitalist economy.

Far-reaching socio-economic changes are taking place within the newly-independent countries as class forces opposing inequality, discrimination, oppression and exploitation in the sphere of international economic relations become stronger. These forces link the problems of their countries' independent economic development to a liquidation of foreign aggression, foreign occupation, racial discrimination, apartheid, imperialism, colonialism, neo-colonialism, and all other forms of dependence and subordination, interference in internal affairs, dominance and exploitation. The most consistent and active proponents of economic sovereignty are countries following a socialist orientation and the countries working for a democratization of international relations on the basis of international détente, peaceful coexistence and mutually advantageous cooperation. At the same time within the world capitalist economy itself, the inter-imperialist struggles are becoming increasingly intense.

It was only for a short period of time following the disintegration of the colonial system that the growing internationalization of monopoly capital, capitalist integration and the further development of the international role of state-monopoly capitalism made it possible for imperialism to prevent the participation of newly-liberated countries in decisions bearing on fundamental issues of international economic relations and also achieve a relatively high level of economic development at their expense.

Imperialism had expected to overcome the crises in the

world capitalist economy and to strengthen its positions in its struggle with world socialism by retaining colonialism in the sphere of international economic relations.

But the energy crisis, the agrarian and raw materials crisis, the monetary and financial crisis are all accompanied by changes in the correlation of forces within the world capitalist economy not only among imperialist powers as before, but also between that group of countries and developing countries. For the first time in many decades an end has been put to the unlimited plunder and exploitation of the natural wealth of newly-liberated countries. This important landmark opens a new stage in the struggle for achieving economic sovereignty.

The inalienable right of developing countries to sovereignty and especially their right to actively participate in main decisions bearing on the development of international economic relations, has been recognized in many documents of the United Nations and other international forums.

2. Relations Based on Equality and Cooperation as a New Type of International Economic Relations

The increased role of developing countries within the world economy and political affairs and the intensification of their struggle against imperialism and neocolonialism are closely related to and affected by general changes in the world correlation of forces in favour of world socialism and the international working-class and national liberation movements. At the present time the major line of mankind's social progress derives from the continuing and dynamic growth of the socialist countries, the strengthening of their power and positive effects of their international policies.

Socialism is a major factor determining the historical inevitability of constructive international cooperation based on the democratic principles of equality and mutual advantage within the framework of peaceful coexistence. The economic cooperation of countries of the socialist community with newly-independent countries represents a new type of economic relations. It points to the historical obsoleteness of the unequal and discriminating system of

world economic relations associated with capitalism. At the same time it exerts a decisive influence on the restructuring of contemporary international relations on the basis of justice and equality.

The force of attraction of socialism derives from the revolutionary ideas of Marxist-Leninist teachings concerning the transformation of human society on the principles of peace, labour, freedom, democracy and progress. Each day this is further amplified by the example and major achievements of existing socialism and the activities of hundreds of millions of people freed from exploitation who are constructing a new life and paving the road to socialism for peoples of the entire planet.

The existing socialism today is a world socialist system based on a growing unity and cooperation of socialist countries. They are conducting a common coordinated international policy placed at the service of peace, security, cooperation and mutual trust. In the Central Committee's Report to the CPSU's 25th Congress, L. I. Brezhnev said: "The ties between socialist states are becoming ever closer with the flowering of each socialist nation and the strengthening of their sovereignty, and elements of community are increasing in their policy, economy, and social life. There is a gradual levelling up of their development. This process of a gradual drawing together of socialist countries is now operating quite definitely as an objective law."[1]

The experience of existing socialism in the sphere of economic relations demonstrates that the world socialist economy provides the most progressive type of international organization of production and exchange based on collectivism and solidarity and a joint class-oriented regulation of the internationalization of economic life. The world socialist community has created the objective as well as the subjective conditions that make possible the emergence of a new type of international relations characterized by comradely cooperation and brotherly mutual assistance. These rule out national strife and hostilities, and the exploitation and oppression of individual peoples by others.

As an element of the world economy, the world socialist

[1] *Documents and Resolutions. XXVth Congress of the CPSU*, p. 9.

system plays a leading role in transforming the historically established pattern of international economic relations. It is becoming an increasingly influential and effective force in bringing about transformations in the world economy. This is illustrated by the results of economic cooperation among countries of the Council for Mutual Economic Assistance.

The Council has been in existence for three decades. It includes nine socialist countries located on three continents—in Europe, Asia and Latin America—and embodies the internationalism of the world socialist system in approaching the major problems confronting mankind. Whether or not this pleases some circles, it is not possible to solve constructively any of the world's global problems without the active participation of the countries of the world socialist community. This includes the overcoming of backwardness and of the colonial heritage of Asian, African and Latin American peoples, supplying the needs of the world's population for food, fuel and raw materials, the assimilation of the resources of the World Ocean, and the protection of the environment.

The practical achievements of that international economic organization appear spectacular even to economic experts. Its member-countries account for one-third of the world's industrial production and the rate of growth of their gross national product is 150 per cent higher than in the countries of the Common Market.

When a further qualitative deterioration in the crisis of the world capitalist economy occurred in the early 1970s, economic relations among the CMEA's member-countries attained a new and more mature stage of development. A long-term (15-20 year) comprehensive programme for the further development of socialist economic integration was adopted in 1971 at the Council's 25th Session.

According to the Soviet journal *Foreign Trade*, "the socialist economic integration of the CMEA member-countries, as noted in the Comprehensive Programme (and this is also confirmed by its practical implementing), 'is a process of the international socialist division of labour, the drawing closer of their economies and the formation of modern, highly effective national economic structures,

of a gradual drawing closer and evening out of their economic development levels, a formation of deep and enduring ties in the basic branches of the economy, science and technology, an expansion and consolidation of the international market of these countries, and an improvement of commodity-money relations'".[1]

The implementation of the Comprehensive Programme has shown that it provides most favourable conditions for further improvements in the planning of cooperation, for coordinating plans of economic development. The programme is being carried out on the basis of multilateral consultations among CMEA countries on major issues of economic policy and of long-term national and joint forecasting of individual industrial sectors and of transport. Long-term goal-oriented programmes are being developed and carried out that combine the efforts of the member-countries in meeting their growing needs for energy, fuel, basic types of raw materials as well as food and consumer goods.

New forms of cooperation among them include the joint construction of industrial projects on the territories of individual member-countries. A case in point is a joint programme of integrating measures for constructing eight large projects on the territory of the USSR under the Tenth Five-Year Plan (1976-1980), whose costs are estimated at 8 billion rubles, through the joint efforts of interested countries.

These activities illustrate the effectiveness of joint approaches to complex economic problems on the basis of genuine equality and mutual comradely assistance. The international prestige of this democratic organization, which is open to all peace-loving countries, has been steadily increasing.

Delegations of observers from Angola and Laos began to participate in the work of the various CMEA bodies in 1976 and 1977. Cooperation agreements between the Council for Mutual Economic Assistance and Finland and also Mexico are also being carried out. The Council maintains ties with more than 60 international organizations concerned with economic affairs and research and develop-

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[1] *Foreign Trade*, No. 11, 1977, p. 28.

ment. It has proposed an agreement with the European Economic Community for developing economic relations based on equality and a mutual respect for sovereign rights.

The CMEA has given particular attention to relations with developing countries. Its cooperation with these countries contributes to their struggle for reorganizing international economic relations, for full liberation from imperialist exploitation, and for strengthening their political independence and achieving economic independence. The new type of international relations that have developed within the CMEA framework and their further development are of major importance for the long-term prospects for the world economy and for the independent states of Asia, Africa and Latin America.

The favourable influence of the CMEA countries on international economic relations, on the role of developing countries within the world capitalist economy, and on prospects for their social, political, economic and cultural development expresses itself in many fields, notably in: a) the international division of labour and b) assistance in the economic, scientific, technical and cultural progress of developing countries, and in enhancing their role in decisions concerning major world economic problems.

In this connection, Soviet economist O. Bogomolov emphasizes that "objective laws of social development prepare the ground for fundamental shifts in the structure of world economy. They tend to increase the role of socialist states within the world economy as well as of business relations among countries of the two systems. The exploitation of developing countries by foreign capital is growing increasingly unacceptable, and a need is becoming more evident for a democratic international control over prices for staple commodities, as well as over the monetary system and the activities of transnational monopolies. It is high time to abolish discrimination in international cooperation and to provide equal possibilities to each country for benefitting from the advantages of the international division of labour. This requires a setting of peace, international détente and a cessation of the

arms race. Such are the major requirements and trends of development in world economic relations".[1]

In contrast to the world capitalist economy, in which the trend towards the internationalization of production and exchange expresses itself through the exploitation of some countries by others, exploitation which is inherent in the capitalist mode of production, world socialism, together with the forces of national and social liberation, have created all the conditions for this progressive trend to express itself in the truly democratic form of equal international economic cooperation which corresponds to the essence of that trend.

In establishing a pattern of economic relations with developing countries the Soviet Union and other CMEA member-countries create the prerequisites of a fuller expression of the trend towards closer and equitable economic relations among peoples, a trend which rejects all forms of exploitation and oppression imposed by imperialism and neocolonialism. Objectively that trend disrupts imperialism's policy of seeking to preserve the exploitative system of international division of labour. It also strengthens the trend towards the economic independence of developing countries, the strengthening of their national sovereignty, and their greater participation in world economic and political affairs.

It is thus in the operation of two objective progressive trends that the new international division of labour between socialist and developing countries originates. It reflects the community of the basic interests of the peoples of the socialist countries and of former colonial and dependent countries in struggling against imperialism and in solving one of mankind's global problems, namely, overcoming economic backwardness and uprooting colonialism in all of its forms, particularly in the field of international economic relations.

At the present time the international class character of the struggle of wide layers of the population against imperialism's neocolonialist strategy has visibly increased. This expresses itself in the growing strength of the movement

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[1] *Kommunist*, No. 2, 1978, p. 100.

or a new economic order and against international monopolies operating as active elements in the West's policy of "assistance". As Academician B. N. Ponomarev emphasizes, the growing international solidarity of the states entering into the world socialist community, the working-class and democratic movements in industrialized capitalist countries, and the forces of national and social liberation is necessitated by "the striving of monopoly capital to integrate its efforts at the international level, and to coordinate actions against revolutionary forces".[1]

The determined commitments of member-countries of the Council for Mutual Economic Assistance to a foreign policy of consistent support for the struggle of peoples for national liberation and social progress is recorded in their major political documents. Thus, Article 28 of the USSR's new Constitution reads: "The foreign policy of the USSR is aimed at ensuring international conditions favourable for building communism in the USSR, safeguarding the state interests of the Soviet Union, consolidating the positions of world socialism, supporting the struggle of peoples for national liberation and social progress, preventing wars of aggression, achieving universal and complete disarmament, and consistently implementing the principle of the peaceful coexistence of states with different social systems."[2]

The developing system of economic relations between the USSR and the other CMEA countries and developing countries, and the establishment of forms of cooperation in trade and science and technology based on equality represent a concrete contribution to the development of a global economy based on the principles of democracy and mutual respect for sovereign rights. This disrupts still further imperialism's monopoly in the sphere of international economic relations and contributes to the creation of a new and equitable system of international division of labour among countries possessing different levels of development and different socio-economic structures and

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[1] *Kommunist*, No. 17, 1977, p. 41.

[2] *Constitution of the Union of Soviet Socialist Republics*, Novosti Press Agency Publishing House, Moscow, 1977, p. 32.

belonging to different world economic systems, namely, the socialist and the capitalist.

The major characteristics of this new international division of labour include an anti-imperialist, anti-exploitative orientation, respect for sovereignty, non-interference in internal affairs, equality and mutual advantage, assistance to former colonies and dependent countries in overcoming their backwardness, financial assistance, the transfer of the scientific, technical and production know-how of more developed countries to less developed ones without imposing onerous and discriminating terms, and avoidance of unjustified concentration of advantages for one of the parties. These traits have been embodied over many years in the practical experience of economic cooperation of socialist states with developing countries. They are also reflected increasingly often in such documents of international law as the Declaration on the Establishment of a New International Economic Order, the associated Programme of Action and the Charter of Economic Rights and Duties of States as well as in documents of the movement of non-aligned countries and minutes of sessions of UNCTAD, UNIDO and other international organizations.

The system of economic cooperation among socialist and developing countries increases the rate at which the latter overcome their backwardness, create modern multisectoral economies, improve the standard of living of the population, and carry out progressive socio-economic transformations.

For their part the countries of the socialist community are interested in widening economic relations with developing countries. This opens wide possibilities for benefiting from an international division of labour based on mutual advantage in order to increase the efficiency of social production and of external economic relations and to meet more fully the population's needs for foodstuffs and manufactured goods.

The new international division of labour accelerates the rate of economic development of cooperating countries, increases their role in international trade, specialization and cooperation in production and facilitates their active participation in scientific and technological progress, coordination of their long-term activities in developing their

economies, and in taking advantage of their interrelation in different areas of production and exchange. Such an international division of labour makes it possible to transform external economic, scientific and technical cooperation into an effective factor contributing to the progress of developing countries and to a rational and efficient utilization of each nation's natural, financial, material, and manpower resources.

Lenin examined the major ways in which within the framework of a prolonged historical period of time a victorious proletariat would develop economic cooperation with peoples struggling against imperialism. He appealed for assistance to such peoples to "help them pass to the use of machinery, to the lightening of labour, to democracy, to socialism".[1]

The experience of developing countries has shown that the greatest successes in establishing modern economies, overcoming an age-old economic backwardness and the legacy of the colonial past, uprooting archaic social institutions, and struggling against imperialism and local reaction were attained in those developing countries in which an active role is played by progressive socio-political forces, and in which working masses led by revolutionary-democratic parties are building a new life without the rule of foreign and local capital.

Taken by itself an inflow of financial resources, commodities and new technologies from abroad does not yet create the conditions that developing countries require for rapid growth and radical shifts in their political and social structures, the progress of their economies, and improvements in the population's standard of living and cultural level. This is amply illustrated by the experience of many developing countries receiving Western economic "assistance".

The problem of an optimal combination of internal and external sources for the development of Asian, African, and Latin American countries can evidently be solved by selecting an appropriate approach to socio-economic development. It has already been noted that unless a growth

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[1] V. I. Lenin, *Collected Works*, Vol. 23, Moscow, 1964, p. 67.

in productive forces in developing countries is accompanied by deep progressive shifts in social and economic life, it will lead to the enrichment of a narrow élite, the impoverishment of many millions of persons, and to social differentiation and an intensification of class struggle. This cannot be interpreted as evidence of overcoming economic backwardness and reducing a country's dependence on imperialism.

The number of socialist-oriented countries is becoming larger. It is characteristic that the overwhelming majority of developing countries that have won their political independence in recent times have expressed a determined support for the socialist way of development. In a number of such countries the ruling revolutionary-democratic parties have declared that Marxist-Leninist teachings serve as a basis for their ideological and political activities. This indicates a practical integration of national liberation movements with scientific socialism.

Their economic cooperation with the socialist world on a basis of equality and sovereignty is currently of decisive importance to developing countries. The ruling circles of many such countries are becoming aware of the growing importance of the state sector in lopsided national economies consisting of different social production patterns in the setting of an intensifying struggle against imperialism. Together with restriction and control of the activities of the private sector, the nationalization of the property of foreign monopolies and the implementation of agrarian reforms in the interests of wide layers of the working population, the creation of state sectors operates as an important prerequisite for mobilizing national energies and resources and for combining them optimally with foreign assistance in solving fundamental socio-economic problems. This is why the contributions of socialist countries to the development of state industrial sectors and cooperative agricultural sectors in developing countries constitute a major advantage provided by this new type of scientific and technical cooperation. It also contributes to a still greater closeness in the economic relations that link world socialism with the forces of social and national liberation and to a strengthening of economic foundations of the alliance of these two global revolutionary streams.

The economic, scientific and technical cooperation with developing countries of countries of the socialist community plays a very large role in the development of new productive forces in the zone of the former colonial periphery, and this inevitably influences the nature of production relations and their evolution in the direction of social progress.

Far from limiting the economic relations of states of the socialist community with other countries and in particular with developing countries, the improvement of socialist integration within the framework of the Council for Mutual Economic Assistance provides still wider possibilities for the development of a new international division of labour. Past experience has fully disproved the assertions disseminated in the West to the effect that socialist integration exerts a negative influence on the economic relations of the CMEA member-countries with developing countries. It is stated in the CMEA's Comprehensive Programme that "in accordance with their policy of peaceful co-existence and in the interests of social progress, and also because the international socialist division of labour is effected with due account taken of the world division of labour, the CMEA member-countries shall continue to develop economic, scientific and technological ties with other countries, irrespective of their social and political system, on principles of equality, mutual advantage and respect for sovereignty. They shall attach special importance to further extending trade, economic, scientific and technological co-operation with the developing countries".[1]

Within the International Investment Bank the CMEA member-countries have established a special fund for financing economic and technical assistance to developing countries, and also a fund for stipends for helping train personnel from developing countries. Under the Comprehensive Programme the use of stable collective currency of CMEA member-countries (transferable rubles) may be used in financial settlements with third countries. Measures are being taken to include developing countries in multilateral

[1] *Comprehensive Programme for the Further Extension and Improvement of Co-operation and the Development of Socialist Economic Integration by the CMEA Member-Countries*, CMEA Secretariat, Moscow, 1971, p. 15.

monetary agreements and in transferable-ruble settlements.

Economic relations between member-countries of the Council for Mutual Economic Assistance and developing countries have been expanding rapidly. The corresponding volume of trade rose from 5 billion rubles in 1970 to 14 billion rubles in 1977. It was 1.7 billion rubles in 1960, and 0.8 billion rubles in 1955. Over 100 developing countries have thus become active and permanent foreign trade partners of CMEA member-countries. Their average share constitutes 10 per cent of the CMEA countries' external trade and 12 to 13 per cent of Soviet trade.

The exports of the CMEA member-countries to Asian, African and Latin American countries consist primarily of machines and equipment (up to 57 per cent). CMEA member-countries also seek to diversify their imports by increasing purchases of finished and semi-processed goods in whose exports developing countries are particularly interested, since their access to corresponding markets in industrialized capitalist countries is greatly hampered by international monopolies.

By contrast with their exports of commodities to Western countries developing countries derive important advantages in their trade with countries of the socialist community through long-term trade agreements that provide reliable markets at fixed prices. Even though the prices stipulated in trade agreements between CMEA member-countries and developing countries are based on world market prices, their stability over long periods of time precludes pressures and speculative operations on the part of monopolies and guarantees stable markets. In most cases the corresponding trade is based on the national currencies of developing countries and conducted on mutually advantageous and agreed terms. Such long-term agreements between the CMEA member-countries and developing countries remove obstacles to the further widening trade relations, improve balances of payments and stabilize the monetary systems of countries with relatively undeveloped economies.

In 1977 the countries of the socialist community had entered into treaties and agreements on economic, scientific and technical assistance with 78 developing countries, including 24 countries in Asia, 36 in Africa and 18 in Latin

America. Under their terms the CMEA member-countries have provided credits amounting to nearly 15 billion rubles. More than 70 per cent of these resources are directed to the sphere of material production and the establishment of enterprises in such fields as energy, metallurgy and machine-building. Direct economic and technical support is provided to policies of industrialization that serve the national interests of the developing countries, to the creation of independent national economies, the extension and strengthening of state sectors, and an acceleration of the rate of reproduction on the basis on national facilities.

More than 3,000 projects have been constructed or are being constructed in Asian, African and Latin American countries with assistance from members of the socialist community. Of these 2,250 are already in operation. They include large and modern industrial enterprises, electric power stations and irrigation systems. The aggregate capacity of metallurgical facilities in developing countries that have either been constructed or will be constructed with the participation of CMEA member-countries is 30 million tons of steel per year, while the planned capacity of various types of electric power stations is more than 16 million kilowatts. CMEA-assisted oil projects can yield 60 million tons, and gas projects, over 30 billion cu m a year.[1]

Unlike the financial resources that are made available within the framework of Western "aid" a large part of the credits provided by countries of the socialist community support production activities that serve the execution of plans of national economic development. Credits made available by the Soviet Union, Czechoslovakia and the German Democratic Republic accounted for 40 per cent of Egypt's industrial investments during its second five-year-plan period. Similarly, credits provided by the USSR accounted for 12 per cent of all government investments during India's Third Five-Year Plan.

Another feature of the economic and technical support provided to developing countries by members of the socialist community is that they help establishing territorial-industrial complexes and rational structures of the developing

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[1] *Kommunist*, No. 3, 1979, p. 22.

countries' economies. This is a new approach that permits activities directed at a fundamental restructuring of obsolete economic structures and at overcoming their backwardness and one-sided dependence on international capital. This occurs over periods of time that are relatively short from the historical point of view, and in ways that help to combine the use of internal capacities with external sources of development.

The West's "economic aid" to developing countries does not seek to create rational territorial-industrial and macroeconomic complexes intended to make an effective use of resources to promote the countries' comprehensive economic development. As in the case of investments undertaken by international monopolies such forms of "aid" may at best support the construction of individual enterprises and production facilities that are oriented on external markets, without being linked to the country's national economy. In addition there results a long-term dependence on imports of foreign-made spare parts, components, equipment and technology. Scientific and technical progress hardly influences other economic sectors, and the operation of such facilities increases the wealth of only a narrow layer of the local population.

CMEA member-countries encourage conditions under which the territorial-industrial complexes and macroeconomic complexes established in developing countries with their help may become integral components of national economies that are based on modern technologies. Such complexes are meant to meet domestic needs and increase national export capacities by exporting a part of their output.

Examples of such large territorial production complexes (industrial or mixed agrarian-industrial) are provided by plants for the production of heavy machines, mining equipment and heavy electrical equipment that were constructed with the help of the USSR in India; and by oil-producing and processing complexes established by the USSR and Czechoslovakia in Syria, by the USSR, Bulgaria, Hungary and Czechoslovakia in Iraq, and by the USSR and Romania in India.

An exceptional role (in terms of their comprehensive influence on national economies) is played by hydroelectric

complexes in Egypt (Aswan) and Syria (on the Euphrates). They have made it possible to greatly extend the area of irrigated land and to create energy-intensive industrial sectors (including ferrous and non-ferrous metallurgy, chemicals, and the production of fertilizers).

It is difficult to overestimate the future economic and social significance of the Olmos hydroelectric complex in Peru that is being constructed with support from the USSR. It will increase substantially the availability of irrigated lands, and food industries will be established in northern Peru that will make use of local raw materials. Electricity will become available to many population centres, to industrial enterprises in the port of Paita, which is also being constructed with the help of the Soviet Union, and to mining enterprises and an oil pipeline. Either directly or indirectly 300,000 persons in that region will benefit from this project.[1]

At a time when a revolution is taking place in science and technology, and when developing countries are seeking to strengthen their position versus "technological" colonialism, CMEA member-countries are giving much attention to supplying them with the newest technologies and production know-how, and to training specialists from Asian, African, and Latin American countries.

In effect the capitalist market for technology and the activities of international monopolies reproduce the economic dependence of developing countries at a higher stage in the development of productive forces and create industrial enclaves within them that are primarily oriented on foreign countries and are completely dependent on them.

While purchases of technology in the West require large payments (approximately 1.5-2 billion dollars per year) and the acquisition of licences is accompanied by rigid constraints concerning their utilization, CMEA member-countries offer favourable terms of repayment and permit wide use of the technology and the licences that they make available.

The brain drain encouraged by the West causes losses to developing countries which sometimes greatly exceed the

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[1] *Latinskaya Amerika*, No. 5, 1973, pp. 81-88.

corresponding government "aid"—a practice that is alien to countries of the socialist community.

Generally the transfer of technology in various mutually acceptable forms appears to represent the most promising approach to cooperation between socialist and developing countries. It contributes to the development of a long-term mutually advantageous basis for a wide range of relations of cooperation in the sphere of services (especially of technical services) as well as in production. The various ways in which the developing countries may associate themselves with the activities of both CMEA and other international economic, scientific and technical organizations may play an important role in this respect.

At UNCTAD's Third Session in 1972, developing countries, with the support of socialist states, raised the problem of developing a new codification of terms relating to the adaptation of international technology transfers to the particular interests of developing countries. The corresponding requirements were made even more specific in documents of the Sixth Special Session of the UN General Assembly.

By 1979 over 600, 000 skilled workers, foremen, technicians and engineers had been trained in developing countries with the help of socialist states. CMEA member-countries have helped build and equip 32 higher and specialized secondary educational establishments and 120 training centres and vocational schools. Another 70 schools and colleges are under construction.[1] More than 41,000 undergraduates and post-graduate students from 103 developing countries are studying at higher educational institutions in CMEA member-countries. In addition a large number of trainees from these countries are acquiring skills at enterprises, laboratories and scientific research centres of countries of the socialist community.

A special scholarship fund is financing the studies of 1,200 students from 36 developing states in CMEA member-countries. This number will soon increase by 100 or even 150 per cent.[2]

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[1] *Kommunist*, No. 3, 1979, p. 22.
[2] *Narody Azii i Afriki*, No. 2, 1977, p. 13.

Major areas of economic, scientific and technical cooperation between CMEA member-countries and developing countries include research and development activities; deliveries of integrated complexes of equipment, materials, components and spare parts; participation in the assembly and operation of equipment; geological prospecting; the establishment of design organizations in particular areas; the rapid construction and profitable operation of new facilities; the development of recommendations relating to a rational utilization of energy resources; calculations of comprehensive fuel and energy balances; assistance in the field of standardization and patents; the training of skilled personnel, and the education of students and specialists.

Such forms of scientific and technical cooperation permit developing countries to find effective solutions to the task of re-equiping their national economies and applying the scientific knowledge in the interests of economic development and of a liberation from dependence on international monopolies. The scope of these joint activities is continually widening: in 1975 alone, 240 inter-governmental agreements were concluded (by comparison with 180 concluded in 1974).[1]

The development of a new type of international economic relations between countries of the socialist community and developing countries constitutes a decisive prerequisite for qualitative changes in the struggle for overcoming the obsolete structure of international relations established within the world capitalist economy.

The USSR's financial, scientific and technical contributions helped the construction of 555 facilities in developing countries by 1977, of which 230 were industrial enterprises. At the present time over 440 other facilities are being constructed,[2] including enterprises in the sphere of material production (engineering, electric power, ferrous and non-ferrous metallurgy, the production of oil, coal, gas, and building materials, in particular cement).

In the case of India, for example, facilities within the

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[1] *Narody Azii i Afriki*, No. 2, 1977, p. 11.

[2] *The USSR's National Economy During the Past 60 Years*, Statistika Publishers, Moscow, 1977, p. 669 (in Russian).

state sector that were constructed with the participation of the Soviet Union account for 30 per cent of its output of steel, 80 per cent of the output of metallurgical equipment, 60 per cent of heavy electrical equipment, more than 50 per cent of oil output, and 30 per cent of major pharmaceutical products. Some 20 per cent of the country's consumed energy is generated by the electric power stations built with Soviet assistance.

A characteristic feature of the economic, scientific and technical cooperation of the USSR with developing countries is the extension of long-term credits to these countries on favourable terms. These may provide for repayment in terms of both these countries' traditional export commodities and the output of enterprises constructed with Soviet participation. This is reflected in a rapid growth in the trade of such countries with the USSR. While between 1946 and 1976, the overall volume of the Soviet Union's trade increased by 25 times, its trade with developing countries increased by 48 times. In the eleven years between 1965 and 1976 the export of equipment and materials for enterprises in developing countries being constructed with the help of the USSR increased from 256 million rubles to 474 million rubles.[1]

The Soviet Union contributes substantially to strengthening the foundations of national economies of developing countries. This has enabled them to develop and consolidate the state sectors of their economies.

The role of state sectors may vary considerably depending on the class and political orientation of particular countries. It may serve as the economic foundation for carrying out progressive revolutionary transformations and for resisting pressures from international monopolies, or it may be employed to develop local capitalism which often seeks compromises with foreign monopoly capital.

It has already been noted that the economic and social role of state sectors is clearly influenced by external economic relations. Within the framework of inter-governmental agreements the Soviet Union provides continuous assistance

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[1] *The USSR's National Economy During 60 Years*, p. 660.

to the progressive development of state sectors of developing countries without interfering in its partners' internal affairs. The following data concerning the capacity of enterprises that either already had been constructed or were under construction in developing countries with the participation of the USSR at the beginning of 1977 are indicative of the volume of that assistance.[1]

Economic sectors of developing countries	Capacity
Electric power (planned capacity) (million kw)	
Planned	11.6
Operational	5.4
Pig iron (million tons)	
Planned	15.8
Operational	7.2
Steel (million tons)	
Planned	19.6
Operational	5.3
Rolled ferrous metals (million tons)	
Planned	15.2
Operational	4.1
Oil extraction and processing (million tons)	
Planned	19.1
Operational	11.6
Metallurgical, mining, forge and pressing, transportation and loading equipment (thousand tons)	
Planned	155
Operational	155
Tractors (thousands)	
Planned	10
Operational	10
Cotton textiles (million metres)	
Planned	105.5
Operational	30.5

The construction of a bauxite-mining complex in Kindia in the Republic of Guinea is one of many examples of an effective contribution by the USSR to the construction and operation of industrial enterprises. Guinean specialists who

[1] *Ibid.*, pp. 670-71.

work in that industrial complex have described the economic aid of the USSR in the following words: "Not all of us believed that it was possible to achieve projected capacity during the second year of operations, since we were comparing the activities of our nationalized enterprise with the mixed facility of Compagnie de bauxite de Guinée which reached less than 70 per cent of planned capacity during the third year of operation. But the friendly support of Soviet specialists, their experience, and the generosity with which they shared their knowledge and experience made us believe in our own abilities."

After two years the bauxite-mining enterprise in Kindia exceeded projected capacity: in 1976 it produced 2,541,000 tons of bauxite (101.6 per cent of projected capacity). In that year its profit was 53.7 per cent of the value of the marketed output. During the first six months of 1977 1,306,000 tons of bauxite were mined (104.5 per cent of projected capacity), while as a result of further reductions in production expenditures profits were 58.7 per cent of the value of marketed output.

The USSR's economic and technical cooperation with developing countries acquires new dimensions as the latter's struggle against foreign monopolies becomes more intense. This is vividly illustrated by the important changes that have occurred in the oil extracting industry during the last 20 years or so. In 1953 an attempt to nationalize the oil extracting industry of Iraq met with failure and international oil monopolies held their position. In 1972 Iraq was successful in nationalizing the Iraq Petroleum Co. A national oil industry was established in Iraq with the help of the USSR: the assistance of Soviet specialists and equipment in creating the infrastructure of a number of major oil deposits made it possible for that important economic sector to operate successfully. This helped create the necessary conditions for a full nationalization of Iraq's oil industry.

Over a period of several decades Western specialists had asserted that there were no promising deposits of oil and natural gas in India. Persistent efforts by Soviet geologists, however, met with success. Forty-six deposits were discovered in India, whose reserves in mid-1977 were esti-

mated at 371.4 million tons of oil and 42,600 million cu m of natural gas. At the present time these deposits which include deposits in the ocean shelf are being exploited with the help of Soviet specialists and Soviet-made equipment.

The industrial projects that have been constructed in India with the help of the USSR employ approximately 7 per cent of the total number of India's employed personnel and produce 17 per cent of the total output of all state industrial enterprises and account for 75 per cent of their profits. The high technical standards and economic effectiveness of the facilities constructed with the help of the USSR became fully apparent in the early 1970s, following a reorganization of prices for the output of India's state sector.

In the joint Soviet-Indian communique signed in March 1979 during the visit to India of the Chairman of the USSR Council of Ministers A. N. Kosygin it is stated that "Soviet-Indian friendship bears eloquent testimony to how relations between countries with different socio-economic systems can develop constructively when they are based on the principles of equality, mutual respect, strict observance of sovereignty and non-interference in each other's internal affairs".[1]

During that visit the Chairman of the USSR Council of Ministers and the Prime Minister of India signed a long-term programme of economic, trade, scientific and technical cooperation for 10-15 years, whose elaboration was envisaged in the joint Soviet-Indian declaration of October 26, 1977. In accordance with that programme cooperation will develop in ferrous and non-ferrous metallurgy, machine-building, oil and coal production, and agriculture. In particular, the two countries will cooperate in the further development of the production capacities of the metallurgical plants in Bhilai and Bokaro, in designing and constructing a new metallurgical plant in Visakhapatnam, in the building on a compensatory basis of an alumina plant in the State of Andhra-Pradesh, and other important projects, and in improving existing technology as well as introducing new technology in projects that have been constructed within the framework of Soviet-Indian cooperation.

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[1] *Moscow News*, Supplement, No. 12, 1979, p. 4.

New areas of cooperation were also defined in light industries, the food industry, and in the pulp-and-paper industry, as well as in the production of building materials, in irrigation and other areas.

New forms of cooperation will develop, including cooperation production and specialization, joint participation in the design and construction of industrial projects in developing countries, and cooperation in the area of planning. The programme envisages that both countries will contribute to the further development of bilateral trade by expanding the assortment of commodities exchanged and by seeking new forms of trade, with due consideration of the possibilities and requirements of the economies of each country. The programme also envisages an expansion of cooperation in technology and in applied and basic research.

The importance of recent agreements between the USSR and India providing for cooperation in production activities, and specifically in the production of knitted goods, textiles, electronic goods and non-ferrous metals has been recognized even by bourgeois publications that are generally not inclined to be objective in matters of Soviet-Indian cooperation.

An important example of the Soviet Union's active participation in solving vitally important problems of developing countries is the assistance that it provided to the development of Egypt's economy. As a result, thirty industrial and power-engineering enterprises have become operational, including the Aswan Dam, a shipyard in Alexandria, the Helwan metallurgical complex, and plants producing aluminium, rolled non-ferrous metals and metal-cutting lathes.

A special role is played by the Aswan Dam. Initially major Western firms had refused to participate in its construction under various pretexts. Subsequently it was designed and completed before schedule by Soviet specialists with the help of Soviet-made equipment.

In February 1972, the French newspaper *L'Aurore* carried an article entitled "What if the Aswan Dam Should Explode?". It announced that the artificial lake that the 250-kilometre-long dam had created would never be filled and that following its completion the dam itself would "explode, not later than in 5 years".

It has now been ten years since the Aswan Dam has come into existence as a grandiose memorial to the creative efforts of the Soviet and Egyptian peoples. The Aswan hydropower complex, which includes the high dam, a water reservoir and power transmission lines, as well as substations, fully meets the country's needs for irrigation in agriculture, has brought to an end Egypt's recurrent droughts and floods and meets its needs for electricity. In 1976, the Aswan hydropower station produced more than 6,000 million kwh of electricity. This can be increased to still higher levels without additional investments, for the station's projected capacity is 8,000 million kwh. The Aswan complex has made possible a programme of electrification of Egyptian villages. Competent Western specialists have given a fair evaluation of the quality of the work carried out by the Soviet Union in constructing the Aswan complex.

One of the major areas in which the USSR cooperates with developing countries is the field of education. This extends to a number of specific areas including the training of citizens of developing countries in higher and specialized secondary educational institutions in the USSR, the assignment of Soviet specialists to work in educational institutions in Asian, African, and Latin American countries, the construction of higher and specialized secondary institutions in developing countries and delivery of corresponding equipment and the supply of manuals and literature on scientific methodology.

The number of trainees and post-graduate students arriving in the USSR from developing countries is increasing each year. In particular the number of students from Asian countries has increased by 2.2 times in the last decade, and the number of African students has increased by 2.5 times.

The training of specialists from developing countries in the USSR is always coordinated with the needs of such countries to develop specific sectors of their economies. In meeting the needs of Syria for specialists in constructing and operating hydroelectric stations, in connection with the construction of the Euphrates hydroelectric complex, the Soviet Union invited and trained a large number of Syrian citizens who have been working on the Euphrates complex since 1974.

Western publications often deliberately distort the nature of the USSR's cooperation with developing countries, particularly in the field of education and science. Attempts are made to frighten the leaders of developing countries by intimating that "Moscow influences the future leaders and élites of Asian and African countries", or "students from developing countries are exposed to Marxist propaganda and are subjected to racial discrimination".

Students from developing countries who study in Soviet educational institutions are not exposed to any ideas that would be inimical to internationalism and patriotism, peace, friendship among peoples and social progress. They are trained as highly skilled specialists dedicated to the progress and prosperity of their countries, opposed to all forms of oppression and exploitation and committed to the ideals of democracy, the strengthening of their countries' national independence, and cooperation and mutual understanding among all peoples. "We see," said the President of the United Republic of Tanzania, Julius K. Nyerere, "that people who have received their education in the Soviet Union return with a readiness to work wherever they are needed and for the remuneration that the country is able to give them. This is important, since our need for highly skilled specialists prepared to selflessly serve their country is very great. We appreciate this help from the Soviet Union."

Above all the USSR provides assistance in the training of engineers, teachers, doctors and specialists in other vital occupations needed by newly-independent states. Between 1960 and 1977 the Patrice Lumumba University alone trained 7,000 highly skilled specialists from 93 countries, including 1,305 from Africa, 1,196 from the Arab East, and 1,171 from Southeast Asia. More than 200 persons from developing countries defended their M. A. dissertations in the Soviet Union.

By 1978 46 higher and specialized secondary educational institutions had been established in the Asian and African developing countries with the help of the USSR. They include such higher educational establishments as technological institutes in Bombay (India) and Rangoon (Burma), political science institutes in Conakry (Guinea), Kabul

(Afghanistan) and Bahar Dar (Ethiopia), the Advanced School of Administration and Medical School in Bamako (Mali), the National Institute for Oil, Gas and Chemistry, the National Institute for Light Industry in Bumerosse and the Mining and Metallurgical Institute in Annaba (Algeria).

At the request of developing countries the USSR is sending a growing number of teachers to work in these countries' educational institutions. Between 1968 and 1976, their numbers nearly tripled. Soviet teachers are training not only future engineers, doctors, agronomists and technicians, but also local teaching staff, that is those who will replace foreign specialists in universities and who will be entrusted with the training intellectuals for the developing countries. Soviet people, including teachers, often work in difficult conditions and show dedication towards their work and the cause of progress as well as respect for national and religious traditions of the peoples in whose countries they work.

As for the assertion of certain Western sources that foreign students are subjected to racial discrimination, this is a clear case of blaming another for one's own disgrace. Discrimination and racial hostilities are inconsistent with the very nature of socialist society, and Article 36 of the USSR's new Constitution states that "the establishment of direct or indirect privileges on grounds of race or nationality, and any advocacy of racial or national exclusiveness, hostility or contempt, are punishable by law".

The assistance that the USSR provides to developing countries is not a compensation for losses sustained by those countries and not a payment for earlier sins. It is the assistance of a friend and ally in a struggle against common opponents, namely, imperialism, colonialism and neocolonialism. This points to the inappropriateness of the idea of "equal responsibility" that is shared by some of the leaders of developing countries and brings harm to these countries' interests.

It is inappropriate to draw mechanical comparisons between the USSR's material and technical contributions to the progress of national economies in developing countries and what Western countries call "development assistance".

There is a fundamental difference between Soviet and Western aid. To begin with, genuine assistance to economic development presupposes a respect for state sovereignty and non-interference into internal affairs. But is it possible to speak of respect for the sovereignty of newly-free states on the part of Western powers and of the international financial institutions that they control when the International Bank for Reconstruction and Development, for example, specifies that credits will be available only following a wage freeze, a devaluation of local currencies, a reduction in budget appropriations for social programmes, and withdrawal of support from enterprises in the state sector. Even some of the Arab countries have established a financial institute for Egypt that recalls the unhappy memories of the Council of Administration for the Ottoman Public Debt, since a condition for access to credits and loans by other "brotherly" states is a right to control the use that is made of these financial resources.

It is not in terms of dollars but rather of real achievements, whether big or small and of specific progressive transformations that have occurred in corresponding countries that the Soviet Union's selfless assistance to peoples of developing countries may be appraised.

The economic cooperation of the USSR and of other CMEA member-countries with developing countries represents a concrete contribution to their liberation from all forms of exploitation and oppression by imperialism, to a rapid overcoming of their age-old backwardness, and to a restructuring of international relations on the basis of the principles of democracy, cooperation and social progress.

Together with all progressive forces in the world, the Soviet Union is in the van of the struggle for the vital interests of developing countries, for peace, security, cooperation and social progress. This gives new strength to the peoples of developing countries in their long and difficult struggle for economic sovereignty, liberation from imperialist dependence and exploitation, and a democratic reconstruction of international economic relations.

3. Opponents of Soviet Economic Cooperation with Developing Countries

The attempts to distort the nature of the USSR's and of other socialist countries' economic cooperation with developing countries that were mentioned earlier are by no means isolated. As they seek to neutralize the developing countries' struggle against their expansionist plans bourgeois states and international monopolies rely on all possible means, including ideological ones, to stem the important progressive processes that are currently taking place in the sphere of international economic relations.

More than 200 centres and institutes exist in the West that are studying newly-independent states and their external economic relations. An analysis of their activities sponsored by the Ford Foundation in the early 1970s has shown that Western interest in economic cooperation between the USSR and developing countries is increasing.[1] By far the greater number of these centres are engaged in some form of contract research, sponsored by government agencies and institutions which are engaged in developing and implementing international political and economic doctrines for governments of developed capitalist countries. These centres are often closely associated with major monopoly groupings. International monopolies finance some of their projects either in part or fully and also purchase substantial numbers of books and articles seeking to discredit and misrepresent the nature of the USSR's economic relations with developing countries.

Western economists recognize that changes in world economic relations are attributable to the participation of "Communist countries" in the system of international economic relations and note that this "raises a whole set of new issues"[2] for the capitalist world. Accordingly, as they formulate their own policies in relation to developing countries the ruling circles of imperialist powers have to take into account these countries' closer economic relations with the USSR and other socialist countries. Western powers

[1] Fred Bergsten, *The Future of the International Economic Order: An Agenda for Research*, Massachusetts, Toronto, London, 1973, p. XV.

[2] *Ibid.*, p. 5.

spare no efforts to hinder the development of these relations, to impede their progressive influence, to sow doubts and mistrust among particular social and class forces in developing countries, to misrepresent the principles and objectives underlying the external economic policies of socialist states, and to blacken and discredit the obvious achievements of economic cooperation between the Soviet Union and developing countries that is based on equality and mutual advantage. Already in the mid-1950s a number of Sovietologists in the West began to specialize in critical studies of the USSR's external economic relations with developing countries.

A characteristic feature of the current stage of the capitalist system's crisis in world economic relations concerns capitalism's attempts to adapt to the new conditions of the struggle of the two world systems. This is also reflected in economic and sociological studies by bourgeois social scientists. And even though the anti-communist conceptions of Sovietologists have not undergone any fundamental changes over the decades, the forms and methods employed to distort the nature of the Soviet Union's economic cooperation with developing countries have experienced a certain evolution.

They rely to a lesser extent than earlier on an outright falsification of facts and tend to avoid direct denunciations of the Soviet Union as well as attempts to frighten newly-independent peoples with the spectre of "red imperialism". Sovietologists of the so-called objectivist bourgeois school have acquired a growing influence. They advocate a "comprehensive study" of the USSR's cooperation with developing countries in order to learn lessons that would be useful to the West, and they admit some of the USSR's achievements in the sphere of international economic relations. At the same time they repeatedly refer to the "inevitability" of a future "convergence" of the Soviet policy of assistance to developing countries with Western "assistance". An analytical survey of such studies published by bourgeois economists and sociologists in the late 1960s and in the 1970s shows that they rely on a so-called pragmatic sociological approach in studying the results of the USSR's external economic policy in relation to developing countries,

that they model different internal and external factors influencing that policy, study its socio-economic influence on developing countries, and propose specific measures to disrupt or neutralize it. Such representatives of a "pragmatic sociological approach" often base their conclusions on comparative studies of external economic cooperation between the USSR and newly-independent states and the Western powers' and especially the United States' strategy of "assistance" in the 1970s. In these studies they cannot avoid recognizing the influence of the Soviet Union's equitable cooperation with developing countries on the general development of former colonial and dependent countries.

The conceptions of a number of bourgeois economists and sociologists clearly reflect an intention to influence the ruling circles of developing countries both politically and ideologically by making use of the complexity of these countries' economic and social development and of increased contradictions among their classes. The difficulties that could allegedly arise in establishing and developing economic cooperation with the USSR are magnified in all possible ways.

Some of the Sovietologists seek to find not merely "similarities" in the USSR's economic cooperation with developing countries and the USA's policy of "assistance", but even features of a policy that is parallel or even coordinated with that of the United States.[1] It is not difficult to discern in these efforts still another form of the widely publicized reactionary conception concerning an asserted "conspiracy of the two superpowers" directed against the world's medium-sized and small countries and progressive and democratic forces.

The concept of "superpowers" is widely disseminated by the rulers in Peking, and bourgeois Sovietologists readily make use of Maoist inventions. The aim of such conceptions, as "rich and poor countries", "superpowers", "self-reliance" and "the plundering of poor countries by imperialism and

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[1] See H. D. Cohn, *Soviet Policy Toward Black Africa, The Focus on National Integration*, Praeger Publisher, New York, 1972; H. D. Cohn, "Soviet-American Relations and the African Arena" in: *Survey*, Vol. 19, No. 1, Winter 1973, p. 163.

social-imperialism" which are disseminated by Peking's propaganda is to weaken the alliance between world socialism and the forces of national and social liberation in developing countries and to disrupt these countries' growing political and economic cooperation with the USSR.

Following the death of Mao Zedong the Peking leaders have not only retained his hegemonic anti-Soviet policy but have been moving even further. They have abandoned their earlier revolutionary rhetoric and are openly siding with reaction and imperialism.

At one time the conceptions, borrowed from the works of a number of Western economists, of a world divided into "rich" and "poor" countries, as well as into an "industrial North" and "backward South", were widely used by Chinese leaders in attacking the Soviet Union and seeking to discredit its economic cooperation with developing countries.

That conception disregards the class and social origins of poverty and wealth and the difference between developed capitalist countries and socialist countries and portrays the Soviet Union and other socialist countries as exploiters. In an interview with the French newspaper *Le monde* L. I. Brezhnev said: "Our country develops its economic relations with the states in Africa, Asia and Latin America as well as with all others on the basis of a strict adherence to the principles of equality, mutual advantage, and non-interference in internal affairs. We are doing what we can to help many newly-independent countries overcome the economic backwardness that they have inherited from the past."[1]

While referring to a struggle against "rich" countries, the Peking leadership in fact disorients developing countries and draws their attention away from struggling against those who seek to prolong their exploitation and to submit these countries to their own dictates. The Chinese leaders describe the USSR as an enemy of developing countries that is even more sinister and much more dangerous than imperialism and neocolonialism.

The Soviet Union is a leading world power that does not threaten anyone and wants to live in friendship and peace

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[1] *Kommunist*, No. 9, 1977, p. 21.

with all nations, large and small. It is the first country with mature socialism and has placed all its power and energies at the service of the lofty ideals of freeing all mankind from all forms of oppression and slavery, consolidating peace and establishing the principles of peaceful coexistence and cooperation.

The Peking leaders are making use of the reactionary theory of the "three worlds", in seeking to oppose the developing countries to world socialism and to the international communist and workers' movement. They seek to isolate them from the USSR and the entire socialist community and to leave them without support in the face of a powerful and perfidious enemy—imperialism. They are actively pressuring developing countries to expand their economic ties with the "second world", which according to their classification includes former colonial powers. In their view the interests of developing countries are supposed to coincide with those of such capitalist countries as Japan, Britain, West Germany, France and others, whose international monopolies are active in penetrating Asian, African and Latin American countries.

Chinese officials do not even directly condemn the international monopolies of the USA. While declaring its "resolute support" to developing countries in word, China shows indifference to their genuine needs and concerns in deed as it advocates "self-reliance" and urges developing countries to follow the Maoist conceptions of economic development. For example: Peking calls on African countries not to construct modern enterprises and limit themselves to "small" or at best "medium-sized" plants and factories. Chinese advisors urge these countries not to rely on any technical achievements and advanced technologies of other countries, and especially of socialist countries, and to rely instead on "local technical means and material facilities for construction activities". While the importance of making use of local resources in developing independent economies in the newly free states cannot be denied, one should not, in our present age, ignore technical progress and refuse to utilize it in meeting national interests. For this would perpetuate backwardness and dependence on imports from other countries.

While advocating "self-reliance", China is engaged in intensive efforts to consolidate its position in developing countries which it regards primarily as sources of raw materials and markets for its commodities. Consumer goods, such as textiles, crockery and office supplies, represent 80 per cent of the total value of Chinese exports. The importation of Chinese textiles has created particular concern in the countries of Asia and Africa. According to the Zambian press, for example, Chinese textile exports are suffocating the emergent local textile industry.

Following the reactionary coup in September 1973, the Chinese leaders have developed particularly close relations with the fascist military junta in Chile and provide them every assistance in return for Chilean copper.

China trained and equipped the armed gangs of Holden Roberto and of other groups that were in the service of the CIA and of other special agencies of imperialist powers, and who sought to come to power in Angola and then make its natural wealth available to plunderers.

China maintains close commercial ties with South Africa. Together with other reactionary forces it provides support to racists and seeks to create divisions among members of the national liberation movement.

The position of Chinese leaders in relation to the establishment of a new economic order is thoroughly demagogic. In their official statements they seek to convince developing countries that they support the establishment of a new economic order. But they interpret such an order as requiring above all a rejection by developing countries of friendly relations with states of the socialist community.

Chinese propaganda states that under a new economic order developing countries will play the role of a "leading force in future international economic relations" rather than of equal participants in economic cooperation. But in fact, the term "leading force" refers not to all developing countries but only to China, which expects to give instructions to all other developing countries concerning how to struggle "blade against blade" and "march forward", in the words of *Renmin ribao* (January 9, 1975), in establishing a new economic order. Developing countries are urged to follow the Chinese example in re-orienting their econo-

mies on the "Second World", that is, on former colonial powers.

At the 30th Session of the UN General Assembly, in voting on the Charter of Economic Rights and Duties of States, China opposed the inclusion of an article stating that developing countries would provide trade conditions to socialist states that are at least as favourable as those that are given to capitalist countries. In this respect China's position fully coincides with the policy of reactionary circles in the USA who oppose granting to the USSR most-favoured nation status in bilateral trade. Under the pretext of struggle against "hegemonism", the Chinese leaders are pursuing a reactionary policy in relation to developing countries that is inimical to their genuine interests and serves to disarm them at a time of increasing expansion by international monopolies.

After they were promised US support, the Peking leaders unleashed a war of aggression against the Socialist Republic of Vietnam in February 1979, thus exposing themselves in face of the world as enemies of peace and of the free development of nations.

Bourgeois Sovietologists attack the policy of peace, international security and cooperation. They seek to persuade these countries' leaders that an acceptance of the principle of peaceful coexistence of states possessing different social systems as one of the foundations of international life will not serve their interests. In particular, W. C. Clemens, a Professor of Law at Boston University, writes that "if Soviet tensions with the West should diminish—the superpowers would turn inward and tend to neglect the Third World, dealing with it mainly through the apparently cheaper route of a *status-quo* orientation".[1]

The facts show that the USSR is working to ensure that détente produces positive results as early as possible, including a more rapid solution of the vital problems of developing countries.

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[1] W. C. Clemens, Jr., "Soviet Policy in the Third World in the 1970's: Five Alternative Futures", in: *Soviet Policy in Developing Countries*, Ed. by W. Raymond Duncan, Ginn-Blaisdell, Massachusetts, 1970, p. 336.

Yet bourgeois Sovietologists seek to portray the Soviet Union's economic, scientific and technical assistance to developing countries, which helps increase the rate of development of their productive forces, as Soviet "subversive activity" in world economic relations. In particular, W. Moskoff and G. W. Benz state that the Soviet objective is to make developing countries dependent on the USSR in both political and economic affairs and to "preclude important ties with Western countries, particularly the United States".[1]

The USSR's economic cooperation with many newly-independent countries has now entered a stage in which it is possible to refer to firmly established mutually advantageous economic relations that are acquiring the character of a stable division of labour. This is linked to many deep progressive changes in various areas of life of peoples of Asian, African and Latin American countries and more vigorous joint actions and closer solidarity of newly-liberated peoples with the world of socialism. The stable, equal and mutually advantageous relations between the USSR and a large group of Afro-Asian countries affect the entire system of world economic relations. They illustrate the enormous possibilities of modern socialism in the field of external economic cooperation.

The Soviet Union's cooperation with developing countries illustrates its active support to their struggle against the pressures of foreign monopolies and for strict adherence to the principle of economic sovereignty in external economic relations.

The USSR has always proceeded from the premise that its economic cooperation with developing countries contributes to the development of their national economies and the achievement of their economic independence and that at the same time it helps solve important economic problems of the Soviet Union and makes it possible to utilize rationally and effectively the advantage of the international division of labour. It does not seek any particular privileges, has

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[1] William Moskoff and G. W. Benz, "The USSR and Developing Countries: Politics and Export Prices 1955-1969", in: *Soviet Studies*, Vol. XXIV, No. 3, January 1973, p. 350.

no concessions and does not plunder the natural and material resources of developing countries.

Not only are there no multinational monopolies in the Soviet Union, but its social order makes it impossible for any capitalist enterprises to exist. Man's exploitation of man has been overcome in the USSR many years ago, and a developed socialist society has been constructed. This is a society in which the dominant principle is a concern of all for the well-being of each person and a concern of each person for the welfare of all. Article 15 of the new Soviet Constitution states: "The supreme goal of social production under socialism is the fullest possible satisfaction of the people's growing material, and cultural and intellectual requirements."

As for the participation of Soviet foreign trade agencies and similar institutions in other countries of the socialist community in implementing individual projects in developing countries jointly with Western firms, the principles of equality, mutual advantage and non-interference in internal affairs of sovereign countries are rigorously applied in each case, and the activities of such firms also are greatly constrained by rules of fair play. This is to their advantage since they receive profitable contracts that are financed through loans that provide favourable terms of credit and are able to avoid expensive competitive struggles.[1]

Accusations that the Soviet Union is engaged in "imperialist attempts" to gain spheres of influence in developing countries are also motivated by the fact that international monopolies are increasingly concerned with their position in developing countries. They fear the growing unity of action by countries of the socialist community and developing countries determined to remove forever diktat, dominance and discrimination. Sovietologists seek to attribute to economic relations between the USSR and Asian, African and Latin American countries the increasing contradictions that exist between the West and developing countries in relation to the establishment of a new international economic order.

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[1] *Le monde diplomatique*, No. 278, May 1977, p. 14.

It should be stressed that the Sovietologists' ideological attacks on the Soviet Union's economic cooperation with developing countries have recently become more active. In proposing various arguments against the development of economic relations with the USSR they seek to mislead wide segments of the social and class forces of countries of Asia, Africa and Latin America and support the reactionary forces that advocate policies that are inimical to the USSR and other socialist countries. In this connection, they take into consideration the fact that the growing unevenness of development of Asian, African and Latin American countries and also the growth of class differentiation within them tend to promote closer relations between the local bourgeoisie and foreign monopoly capital. This explains the shift of the centre in political life to the right in a number of developing countries, and attempts by individual circles within the local bourgeoisie to cooperate with international monopolies rather than struggle against them.

In describing the Soviet Union's "active strategy" in the sphere of international economic relations in the 1970s, Sovietologists interpret this in their own way as renunciation of revolutionary principles and a presumed striving since the mid-1960s to be guided only by "pragmatism" and "realistic principles" in relations with developing countries, as well as a desire to seek merely economic benefits. Such assertions, too, are in full disaccord with reality.

From the early days of its existence, the Soviet state has consistently carried out Lenin's principle of establishing a class alliance between a victorious proletariat and the peoples of colonial and dependent countries. The USSR's class-oriented approach to the problem of economic cooperation with developing countries lies in that this is viewed in terms of strengthening the alliance of the world's revolutionary forces.

The struggle for resolving the vital problems of an independent political and economic development of the newly-free states includes such acute social problems as liberating workers from exploitation, increasing their living and cultural standards and establishing a genuine democracy.

Each of these factors increases the awareness of national progressive forces within these countries of the importance of and need for strengthening their economic cooperation with the USSR and with other members of the socialist community. That cooperation plays an important role in educating large layers of the population in developing countries, in shaping their view of the world and their conception of their country's development.

The Soviet Union has no special interests or spheres of influence in the Middle East, or Africa, or Asia or Latin America. It rejects both the division of the world into "rich northern countries" and "poor southern countries" and the non-class concept of global "interdependence", which serves to justify the continuation of imperialist dominance over former colonial countries and attempts to impose under the pretext of a "dialogue" new forms of exploitation by international finance capital of the energy resources and entire national economies of newly-independent countries.

The choice of a socialist orientation by individual countries and their initiation of progressive socio-economic transformations opens favourable possibilities for economic cooperation with members of the world socialist community, and this helps create a basis for a future transition to the building of socialism. The experience of developing countries has shown that the mobilization of popular masses and of internal resources and also the unity of all progressive national forces can be damaged irreparably by certain representatives of ruling circles who advance pseudo-socialist slogans but in fact cultivate parasitic attitudes in their countries. They preach the non-scientific conceptions of a world divided into "rich" and "poor" countries, gloss over the fundamental differences that exist between capitalist and socialist countries, and ingratiate themselves before the West as they plead for "assistance" from the imperialists.

The countries of Asia, Africa and Latin America can learn from the experience of the world's first socialist state as they develop their economies and cultures and carry out far-reaching social, economic and political transformations. The Soviet Union enables these countries to utilize

the achievements of scientific and technological progress on terms of equality and justice and facilitates their access to advanced technical know-how and knowledge in vitally important spheres.

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It was more than 60 years ago that the Soviet state raised the banner of democratic transformations over the world as it announced the right of oppressed peoples to self-determination, freedom, independence, respect for sovereignty, non-interference in internal affairs, and independent economic development.

Since that time the struggle for asserting democratic principles in international political and economic affairs has been the basis of the Soviet Union's foreign policy.

Much attention was given to issues on the reorganization of international economic relations in resolutions and documents of the CPSU's 25th Congress. The programme for a further struggle for peace, international cooperation and the freedom and independence of peoples that was adopted by the Congress urges abolition of discrimination and all other artificial impediments to international trade, and calls for an end to all forms of inequality, diktat, and exploitation in international economic relations.

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